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Allies' Goal: Deny Iraq Any Loophole

Soviet Plan Seen as Unlikely To Forestall the Land Attack

By Joseph Fitchett
International Herald Tribune

PARIS — Allied officials suggested Wednesday that a ground offensive might be launched and pursued in Kuwait even while the Soviet Union continued its diplomatic drive to induce Iraq to pull out its forces.

Until Baghdad meets Western terms, they said, the war will be intensified in hopes of pushing Iraq toward general collapse in a way that might bring down Saddam Hussein's government.

The coalition's land attack into Kuwait and southern Iraq can start before Baghdad formally replies to the Soviet initiative, Soviet and French officials indicated. Both were pessimistic about the chances of President Hussein agreeing to surrender Kuwait without further fighting.

A new element, a French presidential aide said, is that "for the first time, the coalition is obliged to take seriously the possibility" that

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Iraq will accept the key UN resolution calling for withdrawal and attempt to ignore the others.

That Iraqi step would not satisfy the coalition's goals. And once the ground war starts, other Western officials said, allied governments will be very reluctant to allow even a short cease-fire to test Iraqi intentions.

"The ground war will overtake some diplomatic positions that exist right now in the same way the air campaign closed down the negotiating probes that had been under way until Jan. 17," a British official said.

As fighting intensifies, Western officials said, coalition leaders will find it easier to insist on stronger terms and concessions by Iraq as the price of a cease-fire.

If Mr. Hussein preempted an assault by announcing an agreement to withdraw — a possibility characterized as unlikely at this juncture — allied leaders would feel obliged to test Iraq's intentions, initially by stipulating a withdrawal plan, several officials said.

Western political leaders, the French official said, would not feel that they could simply ignore a development that might offer them the triumph of liberating Kuwait in circumstances dispensing them from the carnage of a ground war.

There is widespread skepticism in Western capitals that Mr. Hussein will surrender Kuwait at this point, but the possibility has been the subject of urgent consultations in allied capitals in the past 24 hours.

While the exact Western plans for response were tightly held, a French official said that the allied leaders were determined to deny President Hussein "any loophole" that permitted him to escape a humiliating defeat.

He said that any Iraqi withdrawal would be subject to "severe scrutiny" to ensure that it was performed on allied terms. U.S. sources have said that Washington would insist on choosing the safe-haven routes and seeing that the most potentially dangerous Iraqi units pulled out first.

On many points, allied intentions are deliberately being left as what one official called "a gray area" to prevent them from becoming a negotiating point now, a Western official said. He added that one of them was what heavy

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U.S., Firmly Stating Demands, Says Iraq Will Leave Kuwait 'One Way or Another — Soon'

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — With allied troops poised for a thrust into Kuwait, Secretary of State James A. Baker 3d demanded on Wednesday that Iraq withdraw from Kuwait unconditionally, without negotiation and in full compliance with all applicable United Nations resolutions.

"One way or another, the army of occupation of Iraq will leave Kuwait," he said, placing evident stress on his next word, "soon."

While Iraq's reaction to a Soviet proposal for a negotiated settlement remained unknown, an administration official indicated that the plan was effectively dead in U.S. eyes.

"The plan as presented certainly would not be acceptable to us," the official said, "so we're not sitting here waiting for the Iraqi answer to that plan, and I know of no efforts on the part of the Soviets to toughen the plan."

The official, who asked not to be identified, said he was not ruling out the possibility that the Soviet Union could offer a new plan at some point.

But the current Soviet plan, he said, attaches conditions to an Iraqi withdrawal and "does not contain all the elements" of the UN Security Council resolutions concerning Kuwait.

The comments strongly indicated that the United States was unwilling to permit a grace period for further diplomacy or third-party mediation that might deviate in any way from the original 12 Security Council resolutions passed after the Iraqi invasion of Kuwait on Aug. 2.

They also implied that the new U.S. statement had overtaken diplomatic efforts centered in Moscow and that the allies were renewing their ultimatum to President Saddam Hussein of Iraq: Either relinquish Kuwait immediately or be crushed in a massive allied ground attack.

Reports from Paris indicated that Thursday was the last day Baghdad would have to respond to the Soviet initiative and that no answer was anticipated until then.

But the U.S. official, asked if Iraq had been given a stated or implied deadline for withdrawal before the allies would undertake a new military phase, said, "The only deadline for Iraq was Jan. 15."

That date was the UN-imposed deadline for an Iraqi withdrawal, after which "all necessary means" for the removal of Iraq from Kuwait were authorized.

In Washington, Mr. Baker declared during a luncheon with Queen Margrethe II of Denmark that the Security Council resolutions were "crystal clear, and there can be no negotiation over its meaning, and there should be no confusion over what must be done."

He said Iraq must leave Kuwait "immediately, totally and "unconditionally" and must "comply fully with the other applicable Security Council resolutions."

"Anything short of that is unacceptable," he added.

"One way or another, the army of occupation of Iraq will leave Kuwait — soon," Mr. Baker said. "And so, Kuwait will be liberated — soon."

His comments came amid a tense diplomatic lull in many world capitals as officials awaited Baghdad's answer to the Soviet proposal. There was no military lull in the Gulf, as skirmishing continued and allied forces waited for orders to advance.

In Paris, Jean Lecanuet, chairman of the French Senate's commission on foreign affairs and defense, quoted Foreign Minister Roland Dumas as saying that the allies had given Iraq until Thursday night to withdraw unconditionally from Kuwait.

But Lieutenant General Thomas W. Kelly said at a Pentagon briefing that no date had been set for a ground offensive.

"I know of no deadline for initiation of a ground campaign," he said. "We do not have instructions to start a ground campaign."

After talks in Paris with President François Mitterrand, the Iranian foreign minister, Ali Akbar Velayati, said the world would have to wait until Thursday for an Iraqi response.

Mr. Dumas said earlier that Iraq must "choose clearly and without further delay between withdrawal from Kuwait and continuation of the war."

There was confusion about whether the Iraqi foreign minister, Tariq Aziz, would return to Moscow to deliver Mr. Hussein's response to the Soviet plan.

Moscow refused to interpret as a flat rejection earlier White House reaction to the Soviet proposal, which President George Bush had termed inadequate.

A spokesman for President Mikhail S. Gorbachev said there was no need for Mr. Aziz to respond in person when other diplomatic channels were available.

Baghdad was not entirely silent, however. An Iraqi military communiqué transmitted by the official Iraqi press agency, INA, said Iraq's enemies had "rejected all honest, peaceful attempts made by Iraq from a position of strength, and by peace advocates the world over."

Iraqi radio warned that what the allies called "a blitzkrieg with minor costs" would turn into "a long, hard and costly war." The broadcast declared that "the bodies of

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War in the Gulf

Iraq will send Aziz to Moscow soon with peace reply. Page 4.

The allies will rely on speed and violence in a ground war. Page 4.

Analysts study what a U.S.-Soviet war would be like. Page 3.

Behind the Allies' Rebuff: All That Gorbachev Left Out

By Jim Hoagland
Washington Post Service

LONDON — It is not what is in the Gorbachev cease-fire plan that bothers American, British and French officials. It is what is missing that caused them to reject the Soviet initiative as a basis for ending the war with Iraq.

There is no time limit set for completing the Iraqi withdrawal from Kuwait, no provision for the return of U.S. and British prisoners of war, and no sense of what happens to the heavy Iraqi armament now in Kuwait. As described to Western officials by Moscow's diplomats, the loosely formulated Soviet plan essentially leaves it up to the Iraqis to determine these key questions as they withdraw.

These omissions, and the secrecy in which the Soviet leader, Mikhail S. Gorbachev, conceived his Gulf peace initiative without consulting his Western partners, account for the skepticism and rejection of the plan in Washington, London and Paris.

Allied officials who are familiar with the terms of the Gorbachev plan say they suspect it was drawn together more in haste and with lack of forethought than with the sinister intent some have attributed to it. The Soviets essentially extracted the conciliatory elements of Baghdad radio's surprise broadcast last Friday that mentioned withdrawal and United Nations Resolution 660 and hurriedly repackaged them as a Soviet plan.

Despite their disappointment in his doomed last-minute initiative, allied officials are confident that Mr. Gorbachev will not put his all-important relationship with the West under further strain by breaking with the coalition as its ground assault on the forces of President Saddam Hussein of Iraq begins.

Mr. Gorbachev likes to think of himself as the captain of an unsteady ship caught on turbulent

NEWS ANALYSIS

seas. This nautical metaphor is useful in understanding his plan. It is a life buoy tossed to a drowning man by the captain of a capsizing boat.

The sense at the highest levels of government here is the same as in Washington and Paris: Facing severe pressures from his domestic opponents, Mr. Gorbachev seeks a diplomatic triumph to secure his position and retain Soviet influence in the Arab world. But the Western Big Three in the anti-Hussein coalition are not willing to shave their goals to give Mr. Gorbachev this triumph, no matter how badly he needs it.

They will not let Mr. Hussein use the Soviet initiative as a shield as he escapes Kuwait claiming victory and still holding U.S. and British prisoners. The considerable understanding and sympathy that Mr. Gorbachev still commands in Western governments has its limits.

Decoded, that is the message that President George Bush and Prime Minister John Major sent to Mr. Gorbachev with their preemptive public statements saying that

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The Associated Press

SANDLOT BASEBALL — U.S. soldiers from the 3d Armored Cavalry Regiment playing some baseball in the Saudi desert.

U.S. Troops Enter Kuwait to Capture Hundreds of Iraqis

By Barry James
International Herald Tribune

More than 450 Iraqi soldiers surrendered Wednesday when U.S. helicopter gunships attacked a complex of bunkers, and helicopter-borne American troops penetrated deeply into Kuwait for the first time since the war began to bring the prisoners back to Saudi Arabia, a U.S. spokesman said.

But in one of several sharp encounters along the front — the hottest fighting since the battle of Khafji three weeks ago — an American was killed and seven were wounded when an Iraqi tank and artillery unit rained fire on them.

Two Bradley fighting vehicles and a Vulcan anti-aircraft gun were reported hit by enemy fire. Five Iraqi tanks and 20 artillery pieces — enough to equip at least one battalion — were destroyed, and seven Iraqis were taken prisoner during the "medium sized" engagement, according to the spokesman, Brigadier General Richard I. Neal of the U.S. Marines.

U.S. troops also destroyed an Iraqi armored personnel carrier with a TOW wire-guided missile in a clash with about a dozen enemy troops, the general said.

He said that after U.S. helicopters destroyed 13 to 15 bunkers in an unidentified part of Kuwait, hundreds of Iraqis came out with their hands up. General Neal declined to give any estimate of how many might have been killed or wounded in the bunkers, but he said the casualties they suffered in the engagement had probably motivated the Iraqis to give up.

The general said the raid was carried out by two AH-64 Apache attack helicopters and two OH-58 scout helicopters.

Giant U.S. Chinook helicopters were summoned to take the prisoners to Saudi Arabia. General Neal said U.S. "security" troops came in on the helicopters to check the prisoners for weapons and guard them during the flight back. No incidents or casualties among the American forces were reported in that operation.

Iraq had a different interpretation of the engagement, saying it had repelled the U.S. force.

"A combat group backed by helicopters tried to approach one of our positions in the southern sector of operations," said a military communiqué carried by the official Iraqi press agency, INA.

"Our fighters confronted this with all kinds of weapons and succeeded in repulsing the attack," it said, "inflicting heavy casualties on them and forcing the remaining murderers to flee back to Saudi territory."

The haul of prisoners brought to about 2,700 the number of Iraqis who have been captured or who have defected since the war began.

General Neal said that places had been prepared for at least 100,000 prisoners. But he warned against regarding the surrender Wednesday as a reliable guide to the state of the Iraqi Army.

"I am not ready to say they are all laying down their arms and are

See WAR, Page 4

Debriefing: Day 35

Sorties

☐ More than 2,900 sorties were flown Wednesday, for a total of about 86,000 in the 35 days since the war began.

☐ B-52 bombers attacked an Iraqi Scud missile-launching site in western Iraq. Iraq fired no Scuds Wednesday. A total of 68 of the missiles have been fired at Israel and Saudi Arabia.

Losses

☐ To date, 31 allied planes lost in combat: 22 American, 6 British, 1 Kuwaiti, 1 Italian, 1 Saudi. Noncombat losses: 9 planes, including 7 American, 1 British, 1 Saudi

☐ Toll of missing in action remains 51: 30 Americans, 10 British, 10 Saudis and 1 Italian. No change Wednesday.

☐ One American soldier was killed Wednesday on the Saudi-Kuwaiti border in a clash with Iraqi troops, for a total of 37 allied soldiers killed in action: 15 Americans and 22 Saudis.

☐ Allied prisoner-of-war total remains 12: 8 Americans, 2 British, 1 Italian and 1 Kuwaiti.

☐ As many as 500 Iraqi soldiers surrendered Wednesday when U.S. helicopter gunships attacked their bunkers in Iraq, bringing to well over 2,000 the number of Iraqis who have been captured or who have defected since the war began.

☐ U.S. aircraft bombed Iraqi vehicles parked in Kuwait, 60 miles north of the frontier, destroying 28 tanks, 26 other vehicles and 3 big guns.

☐ 135 Iraqi planes destroyed to date plus 6 helicopters. Iraq's air-to-air combat loss total is 42: 36 planes and 6 helicopters.

Iraqi Claims

☐ More than 180 allied aircraft downed; no new reports Wednesday.

☐ No comprehensive casualty figures have been issued. An official was quoted as saying that 20,000 Iraqis were killed and 60,000 wounded in the first 26 days of the war. No breakdown for civilians and military given.

☐ More than 20 allied prisoners held; no new reports Wednesday.

Assessment

"One way or another, the army of occupation of Iraq will leave Kuwait — soon. And so, Kuwait will be liberated — soon."
— Secretary of State James A. Baker 3d

Quietly, Politicians Maneuver to Make the Most of the War

By Robin Toner
New York Times Service

WASHINGTON — Much of American politics has seemed frozen since the war began in the Gulf. But beneath the seeming truce on partisan maneuvering, political professionals in both parties are engaged in quiet, careful efforts to manage the war issue as they head into the 1992 campaign.

These efforts range widely. Newspapers began receiving strikingly similar letters to the editor in recent weeks, urging support for the troops and denouncing the attention focused on war protesters by the press. The campaign, it turned out, was courtesy of the Republican National Committee, which mailed sample letters to 500,000 regular party contributors, suggesting they send the missives on to their local newspapers.

Campaign committees in both parties are conducting war-related research on congressional voting records. Republicans are trying to build a case that Democrats opposed not only the resolution authorizing the use of force in the Gulf, but also many of the weapon systems that have proved effective there.

For its part, the Democratic Congressional Campaign Committee sent members home for recess last week with statistics and "talking points" about the party's "major role in ensuring that we purchase the right weapons and weapons that work."

At the level of presidential politics, the war has chilled any overt maneuvering by Democratic hopefuls. This is not the time to make a case against the commander in chief. But perhaps even more significantly, the war has raised anew an issue that has haunted Democratic candidates for at least a decade — national security.

Senator Phil Gramm of Texas, chairman of the National Republican Senatorial Committee and an influential party strategist, has been offering a taste of what could come in 1992, if the war goes well for Mr. Bush: "I think it is important that we remember and that we not let the American people forget that had Jimmy Carter, Walter Mondale and Michael Dukakis been elected president, the Berlin Wall would still be standing and Saddam Hussein would be in Saudi Arabia today," he said in recent speeches.

The Democrats' strategic imperative is getting the political debate back to domestic issues by then — notably the economy. "My assumption is this: that the key and most pressing and most salient issues in 1992 are going to be the economy and the domestic agenda," said Ronald H. Brown, the chairman of the Democratic National Committee. "We certainly would hope and trust that by that time, the war will be long over."

Some Democrats are trying to jump start the domestic debate by casting issues like the civil-rights bill in terms of what it would mean for American soldiers in the Gulf. In the meantime, Democratic congressional leaders have carefully closed ranks with the White House and expressed, again and again, their support for the troops and the allied war effort.

Geoffrey Garin, a Democratic polltaker, said: "I don't think we've had as powerful a symbol in

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Kiosk

Bank of America Cuts Prime Rate

SAN FRANCISCO (Reuter) — Bank of America, the second-largest U.S. bank, cut its prime lending rate to 8.75 percent on Wednesday from 9 percent.

The prime is the rate a bank charges its best customers and is used as a benchmark for many consumer loans. Major banks last cut their prime rates to 9 percent between Feb. 1 and Feb. 4. If followed by other banks, the prime would be the lowest since May 1988, when it was 8.5 percent.

Alan Greenspan, the Federal Reserve Board chairman, hinted earlier Wednesday at a pause in the Fed's aggressive policy of easing credit. In testimony before Congress, Mr. Greenspan said the central bank was following economic data "hour by hour" and was ready to move again on short notice.

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Crossword Page 5.

China's 'Young Marshal' Says He Has Been a Hero Too Long

By Nicholas D. Kristof
New York Times Service

TAIPEI — At almost 90 years of age, the Young Marshal seems to have everything a man could want — public esteem, a splendid house, a family extending for four generations. But he still has one other, more poignant desire: to discard his reputation as one of the greatest heroes in modern Chinese history.

"Even this name, Zhang Xueliang — I don't want it!" he said earnestly, leaning forward in his chair. "I don't want to be Zhang Xueliang! I just want to be an ordinary person, free to do as I wish. I can't take everybody's compliments."

Once one of China's most powerful warlords, Mr. Zhang intervened to amend Chinese history in 1936, by kidnapping Chiang Kai-shek, the paramount national leader. Before releasing Mr. Chiang, Mr. Zhang made him promise to work with the Communists, instead of killing them, so that China could stand united to battle the Japanese troops that were encroaching on eastern China in the prelude to World War II.

The kidnapping, which took place in the city of Xian, then known as Sian, and is known as the Sian Incident, fascinated the world at the time, and led to a period of uneasy cooperation between the Nationalist government and the Communist rebels until the end of World War II. This long reprieve from attack, many believe, helped the Communists recover their strength and positioned them to overrun all of China in 1949.

If Mr. Zhang had fled with the Communists after the kidnapping, he might have become a national leader after the revolution. Instead, he disavowed any personal ambition and on Dec. 25, 1936, he released Mr. Chiang and flew back with him to the capital, Nanjing. He was put under house arrest and vanished for half a century. He was taken to Taiwan in the 1940s as the Communists gained strength on the mainland.

"I was a soldier, with officers above as well as below," said Mr. Zhang, in explaining his decision to accept punishment. "It was a rebellion, and I had to take responsibility for it. I was prepared to be shot."

Last year, on his 90th birthday — he is 89 by Western count, but traditional Chinese reckoning starts with birth — Mr. Zhang emerged in public for the first time since 1936, celebrating his birthday with admirers at a hotel. There no longer appear to be any restrictions on his movements, and he spoke freely in a 100-minute interview, the first ever in his home.

Only at one other time since the Sian Incident has Mr. Zhang given an interview, to a Japanese television reporter at a hotel last year, and he emphasized his distaste for publicity. He said he did not want to give speeches or interviews, and simply wanted to live quietly without anyone making a fuss over him.

"I'm frightened of all those reporters," he said with a laugh. But he remains a larger-than-life figure throughout the Chinese-speaking world, and despite his attempts to avoid publicity at least 10 books have been published in Taiwan recently about him.

On the mainland, the government has broadcast many television series about him and his wife.

"To people of my generation, he's a semi-god," a Chinese university lecturer in his 30s said. "He's a symbol of chivalry and righteousness, an example of someone who looked after the weak and fought for justice."

The key to Mr. Zhang's popularity seems to be that his intervention was aimed purely at confronting a foreign enemy. Even those who deplore the Communist revolution admire his patriotic fervor against the Japanese.

Mr. Zhang's willingness to accept half a century of isolation has only added to the legend.

"He doesn't support any party or any faction; he just loves this country and his countrymen," said his wife, Zhao Yidi, who is 70.

Explaining his decision to kidnap Chiang, she added: "It's simple: he was against the civil war. He didn't want to see his people killed. Why should Chinese people kill other Chinese?"

A gnarled man who speaks with a faint northeastern China accent, reflecting his origins, Mr. Zhang

See CHINA, Page 2

Soviet Legislature Denounces Yeltsin

Deputies Call Attack on Gorbachev In Effect a Declaration of Civil War

By David Remnick
Washington Post Service

MOSCOW — The Soviet legislature on Wednesday denounced the call by Boris N. Yeltsin, the Russian leader, for Mikhail S. Gorbachev to resign as president, saying that the attack had been unconstitutional and intended to exploit the country's political instability.

By a vote of 292 to 29, with 27 abstentions, the Supreme Soviet censured the "ideas and appeals" that Mr. Yeltsin, president of the Russian Republic, expressed during a nationally televised interview Tuesday. Mr. Yeltsin denounced Mr. Gorbachev for using his popularity to "deceive the people" and "lead the country to dictatorship."

The parliament also threatened to declare a state of emergency in South Ossetia, a region of the Georgian Republic where more than 30 people have been killed in recent months in ethnic battles. The deputies said that if the nationalist government of Georgia itself did not declare an emergency and control the situation within three days, then a Soviet law on emergencies "must come into force."

With rare exceptions, the denunciations of Mr. Yeltsin in the chamber were fierce. The chairman of the Supreme Soviet, Anatoli I. Lukyanov, who is a close political ally of Mr. Gorbachev, did not allow many deputies who were preparing to speak in support of Mr. Yeltsin to take the floor.

Anatoli Chekhoyev, a member of the hard-line parliamentary group Soyuz, said Mr. Yeltsin's demand that Mr. Gorbachev resign and transfer power to the Federation Council, which groups the leaders of the Soviet republics, was "tantamount to a declaration of a civil war."

A legislator from Uzbekistan, Erkin Yusupov, said Mr. Yeltsin was guilty of "of sick ambitions and claims to power."

The Moscow Communist Party organization, formerly headed by Mr. Yeltsin, said his confrontation with Mr. Gorbachev and the central government was "criminal."

And the Communist Party daily Pravda declared that "the people" no longer believed that Mr. Yeltsin was "the savior of the motherland."

Even some of Mr. Yeltsin's allies in the republics objected to the speech, saying that Mr. Gorbachev's resignation would be destabilizing. The Kazakhstan leader, Nursultan Nazarbayev, said on television that Mr. Yeltsin had "not been constructive."

In a meeting with reporters, Eduard A. Shevardnadze, the former foreign minister, avoided taking sides.

"I think this war, this war of parliaments, this war of laws and now a war of presidents, must be ended," said Mr. Shevardnadze, who warned in December of an "approaching dictatorship."

"Everybody must think about the country, about the people, the fate of democracy in the Soviet Union," he said. "It seems to me the two presidents, Gorbachev and Yeltsin, must meet and seriously discuss all problems which are now arising. They aren't simple, but the two leaders must find strength to overcome contradictions and difficulties."

The confrontation between Mr. Yeltsin, who has presented himself once more as the radical opposition, and Mr. Gorbachev, who portrays himself as the defender of communism and the union, will probably grow more intense.

Many political analysts here are convinced that after the March 17 nationwide referendum on preserving the union — a vote that Mr. Gorbachev is most likely to win — the Communist Party will try to force Mr. Yeltsin out of his post as head of the Russian government.

■ Vatican Backs Lithuania

Vatican Radio reported Wednesday that a papal envoy had given full backing to Lithuania's struggle for independence from the Soviet Union, Reuters reported from Vatican City.

"I hope the process towards full independence can develop without new suffering and can quickly lead to the crowning of this profound and legitimate aspiration," the envoy, Monsignor Antonio Franco, said.

He was interviewed on his return from Lithuania, where he was sent by Pope John Paul II "to express the concern of the Holy Father for the church of the beloved Baltic nation."

Germany's Forgotten Communist Trial

By John Tagliabue
New York Times Service

BERLIN — In the courtroom where the former head of East Germany's Communist labor unions is on trial, a drowsy murmur of legalism covers the lawyers, the defendant and the spectators, lulling away any notion of the trial as a confrontation between reunified Germany and eastern Germany's Communist past.

The trial of the former union chief, Harry Tisch, which wanders into its second month this week, is the first of court proceedings planned against 30 former senior Communists under investigation on various charges.

Mr. Tisch has been accused of the misappropriation of money, goods and services totaling $71 million, mainly involving the misuse of union vacation homes.

He has denied any wrongdoing, accusing reunified Germany of subjecting him to a political trial.

The prosecutors have shown evidence that Mr. Tisch was well known for high living.

Shortly after he was overthrown as leader of the Free German Labor Federation in November 1989, the unions started an investigation that ultimately led to the criminal proceedings.

Prosecutors apparently chose his trial for the first of all former East German functionaries because the union investigation had produced extensive evidence.

Prosecutors announced Tuesday that they intended to bring charges by the summer against the former interior minister, Erich Mielke, on suspicion of illegal wiretapping, election fraud and misappropriation of funds.

Efforts to bring Erich Honecker, the longtime former East German Communist Party leader, to court are deadlocked over a Soviet refusal to surrender him to Germany. The 78-year-old leader is in a Soviet military hospital. Bonn's attempts to obtain custody of him have borne no fruit.

The 90-minute session on Tuesday began with a defense appeal for testimony by two other former Communist leaders, Egon Krenz, who replaced Mr. Honecker in late 1989, and Günter Schabowski, who helped engineer the power shift.

The chief defense lawyer, Winfried Matthaus, conceded that this was part of an effort to soften any sentence by clarifying Mr. Tisch's role in party affairs.

But Chief Judge Hans-Jürgen Herdemerten called the proceeding back to the basic charges of misappropriation of funds.

The judge called a bookkeeper for the union, Franz Gutacker, who was cross-examined about receipts that he had signed for various holidays that the prosecution said Mr. Tisch had spent in union-run hotels.

The witness, who said he was deputy bookkeeper since 1976, discussed his bad relations with Doris Ackermann, Mr. Tisch's private secretary, who has also testified against her former superior. He also spoke of the role of the secret police, the Stasi, in union affairs.

Mr. Gutacker testified that, when Mr. Tisch celebrated his 60th birthday in 1988, congratulatory floral bouquets could not be conveyed to him without Stasi approval. Mr. Gutacker appeared at pains to stress his own lack of culpability, insisting that he was only following orders.

"There was no other possibility," he said, "once the premise was established that for the chairman everything was to be made possible."

Reuters

Murder Trial of 4 IRA Suspects Opens in the Netherlands

Policemen outside a courthouse in Roermond, the Netherlands, as four Irish Republican Army suspects arrived on Wednesday for the start of their trial on charges of killing two Australian tourists mistaken as British soldiers in May. The court set April 2 as the date for verdicts. Germany is seeking extradition of three of the suspects on murder charges.

WORLD BRIEFS

Bonn Approves Draft Budget for '91

BONN (Reuters) — Chancellor Helmut Kohl's cabinet approved a 1991 budget draft on Wednesday knowing it was already outdated and would have to be revised when a final decision is made about planned tax increases.

The draft foresees federal spending of 399.7 billion marks ($270 billion), including more than $7 billion for the Gulf war, and a federal deficit of $47 billion. Mr. Kohl's Christian Democratic Union broke an election pledge not to raise taxes, the government saying that higher spending would be necessitated by reunification, the war and the economic crisis in Eastern Europe.

Any changes will be made during the budgetary approval process in parliament, scheduled to last through May. Government officials said the cabinet could not rule out the total public-sector deficit's exceeding the Finance Ministry ceiling of $94.6 billion despite Bonn's plans to raise taxes.

Bomb Scares Shut 2 London Stations

LONDON (AP) — London commuters faced a third day of travel delays Wednesday as the police closed two busy train stations because of bomb scares, Scotland Yard said.

Part of Victoria Station, where a man was killed and 40 people were wounded by an Irish Republican Army bomb on Monday, was closed after a suspicious package was reported, according to Terry Worrell, director of operations for British Rail. He said Euston Station was also closed Wednesday morning after a telephone warning of a bomb was received.

"We obviously heed the advice of the police and the security people," Mr. Worrell said. "We will continue to do that but it does cause massive disruption." He said 40 bomb hoaxes were received Tuesday, when five railroad stations were closed for checks during peak periods.

Poles Ease Foreign Investment Code

WARSAW (Reuters) — The Polish government has approved new liberal rules on foreign investment to attract Western capital, a government spokesman said Wednesday. The bill will be sent this week to parliament, which is expected to vote on it in March. "The government treats the law on joint ventures as the top priority," a spokesman said.

The legislation will grant the right to transfer all profits abroad. Until now, foreign investors have been allowed to repatriate only their hard-currency trade surplus plus 15 percent of their profits on the Polish domestic market.

The law would allow unsuccessful ventures to be liquidated immediately instead of after 10 years. But the bill scraps the three-year tax exemption enjoyed by all foreign firms. Now only those investing more than 2 million Ecus ($2.8 million) will retain that privilege.

U.S. Court Backs Alien Workers

WASHINGTON (AP) — The Supreme Court on Wednesday upheld the power of federal judges to protect the rights of illegal alien farm workers seeking amnesty to remain in the United States.

The 7-to-2 ruling, in a case from Florida involving Haitian immigrants, is a defeat for the Bush administration, which said federal courts interfered improperly with U.S. immigration officials. The justices said the aliens were entitled to challenge, before a federal judge, rules that limited their ability to win legal residency status.

The ruling has the effect of upholding substantial procedural protections for the farm workers. The administration did not directly challenge those procedures, only the authority of federal judges to enforce them. Lawyers for the Haitians said the ruling could have a broad impact, not only for farm workers but also for other aliens applying for federal benefits.

50% Stake in N.Y. Giants Is Sold

NEW YORK (AP) — Preston R. Tisch, a former U.S. postmaster general who has long sought to buy a National Football League team, agreed on Wednesday to purchase 50 percent of the New York Giants, who won the Super Bowl last month.

The surprise announcement by the league said Mr. Tisch, brother of Laurence A. Tisch, the president of CBS, had bought the 50 percent share of the team owned by Helen Mara Nugent, her son, Tim, and her daughter, Maura Mara Concannon.

The transaction is subject to NFL approval. No purchase price was announced, but the last NFL team that was sold, the Dallas Cowboys, went to Jerry Jones for $150 million. Mr. Tisch is president of Loews Corp., which has assets exceeding $34.7 billion.

For the Record

Germany's Christian Democratic Union said Wednesday that the former East German prime minister, Lothar de Maizière, had been cleared of allegations that he had spied for Stasi. It said a government investigation into his past, the results of which are expected this week, would clear the way for him to resume his posts in the party. *(Reuters)*

Three former Polish generals are to stand trial for ordering the destruction of the files of the security police, the PAP press agency said Wednesday. The generals, who include the former deputy interior minister Henryk Dankowski, face up to five years in prison if convicted. The date of the trial has not yet been set. *(Reuters)*

Slovene Legislature Severs Ties With Yugoslav Federation

By Chuck Sudetic
New York Times Service

LJUBLJANA, Yugoslavia — The republic of Slovenia took decisive legal steps Wednesday toward seceding from the frayed, six-republic Yugoslav federation when its parliament adopted constitutional amendments cutting ties with the federal government.

The parliament also adopted a resolution outlining a blueprint for Yugoslavia's breakup into at least two independent successor states.

The president of Slovenia, Milan Kucan, said in a speech before parliament that if Yugoslavia's other five republics did not accept the Slovene resolution, Slovenia would secede unilaterally.

"We proceeded from the fact that Yugoslavia, as a joint federal state, has disintegrated politically and economically," Mr. Kucan said. "We propose that negotiations on disassociation begin immediately."

Mr. Kucan did not mention a deadline for the other republics to accept the resolution, but he said that Slovenia intended to embark upon the process of disassociation immediately.

In a referendum on Dec. 23, about 90 percent of Slovene voters cast ballots in favor of a proposition that called for Slovenia's disassociation from Yugoslavia by the end of June.

"I'm afraid there is no way back, that is clear," said Dimitrij Rupel, the republic's foreign minister.

The amendments, in effect, give Slovenia the constitutional foundation on which it can build governmental institutions, such as its own national bank, armed forces, patent office and customs service, which will take over functions now performed by federal agencies, said Anton Tomazic, president of the parliament's committee on drafting legislation.

A national bank and currency will probably be created within two or three months, said a Slovene government official, speaking on condition of anonymity.

"Up until now we respected the federal constitution," Mr. Tomazic said. "After this we will make our own laws, and without limitations."

High-ranking officers in Yugoslavia's Communist-dominated national army, whose officer corps is 70 percent Serb, have warned that the military will defend the country's territorial integrity. There were no signs, however, that the army had gone on alert or was preparing any action to halt Slovenia's exit.

Slovenia's future financial, material and other relationships with the Yugoslav national army will be based on negotiations, Mr. Kucan said in a news conference.

The resolution, which Slovenia will submit immediately to the parliaments of country's other republics, calls for the dissolving of the Socialist Federated Republic of Yugoslavia, which was created after the collapse of the kingdom of Yugoslavia during World War II.

One of the successor states would consist of those republics that opted for creating a federation with a strong central government; Slovenia and any other republic that chose to become part of an alliance of sovereign states would comprise the other state or states.

Croatia, Yugoslavia's second largest republic, favors creating a loose confederation of independent states. But Slovenia's resolution is certain to meet harsh opposition from Serbia, the country's largest republic, and by tiny Montenegro. Both of those republics support empowering the federal government with authorities similar to that wielded by the U.S. government.

If a peaceful agreement proves impossible, Mr. Kucan said, Slovenia will call on the Conference for Security and Cooperation in Europe or the United Nations to mediate.

A fifth round of negotiations between republican leaders on the country's political future is scheduled for Friday in the Bosnian capital, Sarajevo.

Croatia's president, Franjo Tudjman, has said that if Slovenia separates from the Yugoslav federation, Croatia will also secede. Any attempt Croatia may make to break away is certain to meet stiff resistance from that republic's Serbs, who make up about 11.5 percent of its population.

Albanian Leader Creating New Governing Body

Compiled by Our Staff From Dispatches

VIENNA — Albania's Communist leader, reacting after thousands of protesters tore down statues of the regime's Stalinist founder, Enver Hoxha, announced Wednesday that he was taking direct control of a new government.

President Ramiz Alia said in a radio and television statement that the situation was getting out of control. He announced that he intended to set up a caretaker body to run the country until multiparty elections next month.

"I have decided to take into my hands the government and create a new government and a new presidential council," Mr. Alia said. He appealed for cooperation from opposition parties.

He did not say whether he intended to bring the opposition into the new government but said he had met Wednesday with leaders of all opposition parties and political organizations.

Mr. Alia's move was an apparent attempt to distance himself from the current government and use his personal popularity, even among anti-Communists, to pull the country through a period of turmoil. The Communists face their first competition in the elections scheduled for March 31.

In another concession Wednesday, the authorities also bowed to demands by about 700 hunger-striking students and professors to rename Tirana's Enver Hoxha University immediately.

The dropping of Mr. Hoxha's name — a hated symbol of Albania's Stalinist past — was announced by Tirana radio on Wednesday evening after tens of thousands of demonstrators clashed with police and tore down a towering statue of the former leader from a square in the capital.

A second statue was reported to have been toppled in the Western port of Durres.

An Albanian journalist, Ilir Ikomini, said that thousands of cheering Albanians thronged city streets in the early evening to celebrate their victory. A hunger strike by students demanding the removal of the name was called off.

Earlier, demonstrators carried the decapitated statue to the university campus, rolled the head into a central square and urinated on it.

In his statement, Mr. Alia said, "The capital city today experienced one of its most dramatic and serious days in its history."

"A crowd of disaffected people, taking leave of all sense of reason and logic, committed acts of vandalism," he said.

Mr. Alia said he had decided to proceed "as calmly and justly as possible" in organizing a new presidential council.

He added: "In order to lay down the necessary measures and urgent action that must be taken, I call for the necessary calm from everybody. I call for this from all parties and socio-political organizations." *(AP, Reuters)*

Women Feel Backlash At Churches' Assembly

By Steven Erlanger
New York Times Service

CANBERRA, Australia — Some of the most striking moments of the World Council of Churches' Seventh Assembly here have been about women, underlining their increasing influence and inspiring a sort of backlash.

The Reverend Lois M. Wilson of the United Church of Canada, one of the council's seven departing presidents, electrified this gathering of about 4,000 people the other day by saying that some women had cried in the restroom after having received threats from male clerics.

She said, "These are the politics of the World Council of Churches and they stink to high heaven, and I do not think it was what Jesus had in mind."

Aruna Gnanadason of the Church of South India, the new director of a women's desk at council headquarters in Geneva, said:

"Women are feeling disempowered at this assembly. Men make long speeches, but women are frustrated, especially in the plenaries."

The council, with the admission of the China Christian Council on Monday, now has 317 member churches from more than 100 countries, incorporating nearly all Protestant and Orthodox denominations except Adventism and the Salvation Army.

The women's movement has increased the sense of isolation of the Orthodox churches, while annoying some of the traditionally male-dominated Protestant ones.

With some fanfare, the council announced in 1988 an "ecumenical decade of churches in solidarity with women."

"In fact, women here face, as in the United States, something of a backlash," said Dr. Janice Love of the United Methodist Church, who is also co-moderator of the Public Issues Committee.

There is a conflict, she said, between those who want to slow the movement of women into positions of authority in the council and those who say, "Slow down from what?"

The council's general secretary, the Reverend Emilio Castro, did not find it necessary to mention the decade in solidarity with women in his report to the assembly, angering even women who think the council is doing a reasonably good job.

Although 35 percent of the delegates were women, up from 31 percent in 1983, the goal for this assembly was 40 percent.

The desk in charge of women's issues at the council headquarters in Geneva was also a source of friction, having been without a director for many months. It was one reason women staged a sit-in in a recent executive committee meeting.

The ordination of women has long been controversial among the Orthodox, who regard the priesthood as a masculine office "by reasons of the Bible, tradition and history," said Bishop Moussa of Egypt's Coptic Orthodox Church.

"We were founded by St. Mark, one of the apostles, in the first century," he said, "and we will stick to our traditions and positions even if others dismiss us."

Bishop Moussa and other Orthodox delegates said they were even more upset by the inclusive theology of ecumenicism, which is incorporating traditions of other, originally non-Christian cultures.

The argument has focused on a South Korean theologian, Dr. Chung Hyun Kyung of the Korean Presbyterian Church, who gave a presentation on the assembly theme, "Come Holy Spirit — Renew the Whole Creation."

Using Asian dance and other non-Western motifs, she invoked the "Han-spirits" of the martyred and murdered and linked them with the Holy Spirit.

TRAVEL UPDATE

Lufthansa German Airlines plans to resume flights to Jidda on Saturday, after halting flights to the Gulf region after the start of the war Jan. 17. Lufthansa will resume service with one flight weekly between Frankfurt, Jidda and Addis Ababa, Ethiopia, a route on which it had two prewar flights a week. A spokesman said the carrier was starting to see a modest rise in passenger traffic after the sharp drop in worldwide air travel that followed the outbreak of war. *(Reuters)*

A fire aboard the Sovereign of the Seas, one of the world's largest cruise ships, forced the evacuation Wednesday of more than 3,000 passengers and crew, officials in San Juan, Puerto Rico, said. No one was injured, and a cruise line spokesman said damage was confined to a show lounge and service areas in the rear part of the ship. The spokesman said an electrical fault apparently caused the fire. *(AP)*

The EC will take Greece to court for making foreigners pay to visit museums and archaeological sites while letting Greeks in free of charge. It is threatening to take action for the same reason against Spain and Italy, an official said. The EC treaty prohibits discrimination against citizens from other countries in the 12-nation bloc. *(Reuters)*

The U.S. State Department has strengthened its advisory to Americans contemplating travel to Peru, warning that terrorism and crime remain serious problems in that country. Americans were also cautioned that there is a cholera epidemic in Peru. The State Department also warned Americans traveling in Guatemala to exercise caution because of spo[ra]dic terrorist incidents that have occurred since last year. *(IHT)*

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	5	41	-3	26	cl
Athens	15	59	9	48	cl
Barcelona	14	57	10	50	s
Belgrade	6	43	-2	28	s
Berlin	5	41	-4	25	cl
Brussels	4	39	0	32	r
Budapest	2	36	-7	19	s
Copenhagen	1	34	0	32	r
Costa Del Sol	18	61	9	48	s
Dublin	10	50	6	43	sh
Edinburgh	7	45	3	37	r
Faro	16	61	9	48	s
Florence	10	50	5	41	cl
Frankfurt	4	39	-3	26	r
Geneva	1	34	0	32	r
Helsinki	-2	28	-7	19	s
Las Palmas	23	73	15	59	s
Lisbon	14	57	9	48	s
London	6	43	-1	30	r
Luxembourg	4	39	0	32	r
Madrid	11	52	2	36	r
Milan	9	48	-2	28	r
Moscow	-3	26	-11	12	s
Munich	7	45	-1	21	r
Nice	15	59	9	48	s
Oslo	0	32	-7	19	s
Paris	5	41	1	34	r
Prague	6	43	-4	25	s
Reykjavik	3	37	-2	28	r
Rome	15	59	7	45	s
Stockholm	0	32	-4	25	sn
Strasbourg	0	32	-3	27	r
Venice	8	46	3	37	r
Vienna	3	37	-2	28	r
Warsaw	2	36	-2	28	r
Zurich	8	46	-4	25	r
MIDDLE EAST					
Cairo	28	82	12	55	cl
Istanbul	9	48	2	36	sn
Moscow	—	—	—	—	na
Riyadh	—	—	—	—	na
Tel Aviv	—	—	—	—	na
OCEANIA					
Auckland	—	—	—	—	na
Sydney	26	79	19	66	sh

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	25	77	t
Beijing	4	39	-1	30	sn
Hong Kong	14	57	14	57	sh
Manila	27	81	22	72	sh
New Delhi	27	81	15	59	sh
Seoul	-1	30	-9	16	sn
Shanghai	—	—	—	—	na
Singapore	32	90	23	73	t
Taipei	13	55	11	52	r
Tokyo	7	45	2	36	r
AFRICA					
Algiers	13	55	4	39	r
Cape Town	24	75	14	57	fr
Casablanca	13	55	10	50	r
Harare	23	73	15	59	s
Lagos	31	88	28	82	t
Nairobi	24	75	12	54	s
Tunis	14	61	13	55	c
LATIN AMERICA					
Buenos Aires	25	77	16	61	fr
Lima	29	84	19	66	t
Mexico City	22	72	8	46	pc
Rio de Janeiro	28	82	23	73	fr
NORTH AMERICA					
Anchorage	-8	18	-11	12	sn
Atlanta	18	64	9	48	c
Boston	15	59	1	34	c
Chicago	6	43	0	32	c
Denver	17	63	1	34	c
Detroit	6	43	-2	28	c
Honolulu	17	63	5	41	s
Houston	17	63	5	41	s
Las Angeles	28	82	11	52	s
Miami	28	82	21	70	s
Minneapolis	4	39	0	32	sn
Montreal	4	39	-7	19	sn
Nassau	27	81	17	63	s
New York	16	61	5	41	c
Phoenix	25	77	10	50	s
San Francisco	21	70	8	46	s
Seattle	11	52	5	41	r
Toronto	4	39	-2	28	sn
Washington	18	64	2	36	c

cl-cloudy; sc-cloudy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-shower; sl-sharmy.

THURSDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Partly cloudy, 7 — 4 (45 — 39). LONDON: Partly cloudy. Temps. 7 — 4 (45 — 39). MADRID: Overcast. 13 — 2 (55 — 36). NEW YORK: Partly cloudy. Temps. 16 — 3 (61 — 37). PARIS: Cloudy. 5 — 1 (41 — 34). ROME: Cloudy. Temps. 14 — 6 (61 — 43). TEL AVIV: Not Available. ZURICH: Cloudy. Temps. 8 — 4 (46 — 39). BANGKOK: Cloudy. Temps. 35 — 23 (91 — 73). Hyiming" among Fair. Temps. 16 — 7 (61 — 45). MANILA: Cloudy. Temps. 31 — 20 (88 — 68). Sea Temps. 4 — 10 (25 — 14). SINGAPORE: Fair. Temps. 30 — 24 (86 — 75). TOKYO: Cloudy. Temps. 9 — 1 (48 — 34).

CHINA: *The Young Marshal Would Shed Reputation*

(Continued from page 1)

abounds with energy. His eyes gleam, he occasionally tells a joke, and his mind seems as clear as ever.

Mr. Zhang is known as the Young Marshal because his father, Zhang Zuolin, was called the Old Marshal.

After the Old Marshal was assassinated by the Japanese in 1928, Mr. Zhang inherited an army of 200,000 soldiers. But it was only after he kicked his playboy image and a drug habit, and replaced them with a nationalist passion, that his reputation began to soar.

In all his years of house arrest, first on the mainland and then on Taiwan, Mr. Zhang maintained a remarkable mutual respect and friendship with the Chiang family.

Mr. Chiang seems to have kept Mr. Zhang under house arrest only partly as punishment; a major reason was also the knowledge that Mr. Zhang could become a dangerous rival if he emerged in public.

Mr. Zhang, a Baptist who became increasingly religious over the years, saw the Chiangs each Sunday when he worshiped with them at their family chapel. Chiang's son, Chiang Ching-kuo, personally selected the beautiful government-owned house in which Mr. Zhang lives, surrounded by a high wall and tended by a staff of gardeners and maids.

"Some people say I am not free," Mr. Zhang said, with a gleam in his eye. "But actually I feel very free. It doesn't matter whether there is physical freedom or not. What is important is that I have spiritual freedom. No one can restrain my spiritual freedom, except God."

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A Policewoman Is Killed in Paris

Reuters

PARIS — A French policewoman was killed Wednesday while sitting on patrol with a colleague. It was the first fatal shooting of a female officer since they were admitted to the Paris police in 1975, an official said. Women make up about 7 percent of the Paris force.

The two officers were parked off a main road at 2 A.M. when a vehicle drove alongside and its occupants opened fire, police said.

Investigators said the attackers' stolen car was later found abandoned. They speculated that the shooting might have been carried out by thrill-seeking hoodlums.

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WAR IN THE GULF: U.S. reports dramatic successes against Iraqi tanks because of refined infrared detection techniques

'Infrared Signatures' — What Iraqi Tank Forces Can't Hide

By Barton Gellman and Rick Atkinson
Washington Post Service

WASHINGTON — Allied warplanes have dramatically increased their kill rates against dug-in Iraqi tanks and armored vehicles to more than 100 a day by using refined infrared detection techniques and precision-guided bombs, according to U.S. military officials.

In the early weeks of the Gulf war, officials said, many sorties against Iraqi combat equipment in Kuwait dropped unguided gravity bombs, some of which divide into dozens of smaller bombs that are designed to saturate a patch of ground with high explosives.

Frustrated target planners found that Iraqi revetments dispersed the bombs' impact and protected Iraqi vehicles from all but direct hits.

As the focus of the air campaign moved from strategic targets in Iraq to "battlefield preparation" in Kuwait, officials said, planners began devoting more precision-guided munitions to what one army expert said was a new "hunter-killer concept" against dug-in Iraqi armor.

The new techniques combine improved infrared detection tactics with more accurate placement of explosives on targets.

Though heat-seeking infrared sensors have been used from the beginning, officials said, pilots began to report that the sensors were most effective just after dark.

Even if a tank stands idle in its hole all day, according to military experts, exposed portions of its cannon or turret absorb heat from the sun.

It "stands out like a sore thumb" after sunset, an official said, because the metal dissipates IR, or infrared radiation, at a different rate than sand.

What makes matters worse for the hunkered-down Iraqis, officials said, is that they must frequently run their engines even in hiding — in part to keep the engines functioning and in part to charge the batteries that run motors, radios and other electrical systems.

The engine heat, even hours later, shows up strongly on U.S. infrared sensors.

Most dug-in Iraqi vehicles are covered with camouflage netting to make them harder to see, and surrounded by sandbags to give them protection against indirect hits.

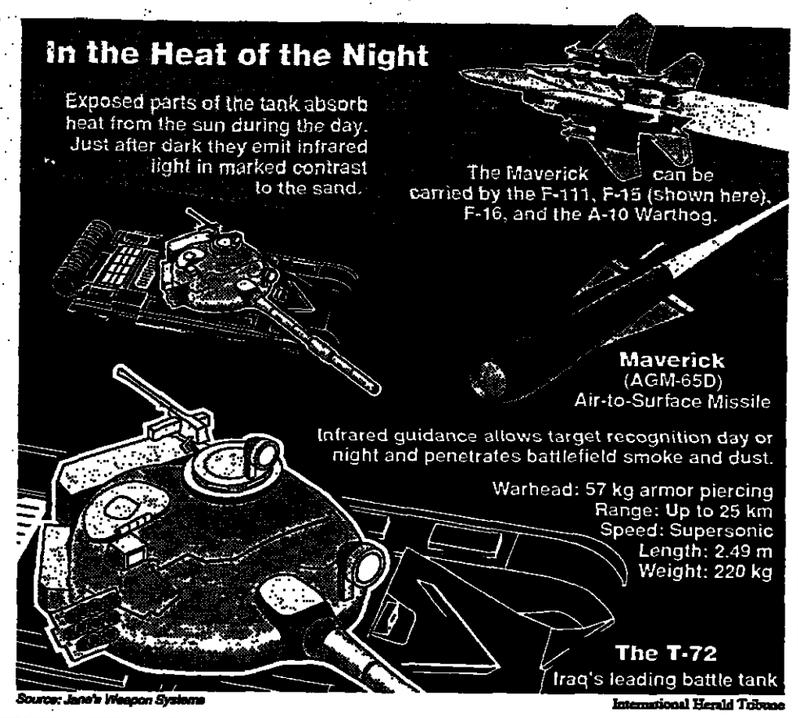
But neither form of covering, officials said, stops them from giving off clear "infrared signatures" to the allied warplanes that hunt them.

To accompany these improved methods of detection, allied planes began to use more of their most accurate weapons, including Maverick missiles and bombs that adjust course to follow a laser "designation" by a pilot or weapons service officer. F-111 bombers have flown many of the missions.

Other planes capable of combining "smart" bombs with infrared targeting include the F-15E, the F-16 and the A-10.

Frequent direct hits have resulted. On Feb. 9, for example, the U.S. Central Command reported that 750 Iraqi tanks had been destroyed. By Feb. 14, the number had jumped to 1,300.

The most recent Pentagon reports assert that allied planes have confirmed the destruction of 1,400 tanks, or more than 32 percent of the Iraqi inventory in Kuwait; 800 armored vehicles, or 27 percent; and 1,200 artillery pieces, or 38 percent of Iraq's total.



Schwarzkopf Says Iraqi Forces Are on 'Verge of Collapse'

By David Lamb
Los Angeles Times Service

RIYADH — The Iraqi military machine is on the "verge of collapse" and is losing about two battalions of tanks a day to allied air strikes, an attrition rate that no army can survive, according to General H. Norman Schwarzkopf.

General Schwarzkopf, the commander of allied forces in the Gulf, said Iraq's military capabilities had probably been overrated from the outset. Its performance, he said, has reflected something that the allies knew intuitively last fall but seldom talked about publicly: After fighting Iran for eight years, the Iraqi Army was tired of war and had no desire to go into battle again.

"Even though they had a large military and probably a very capable one for this part of the world," the general said, matched against "the sophistication of the U.S. military, there is no comparison."

"They grossly underestimated the type of war they were getting involved with, and they've paid a price for that," he added.

In an interview on Tuesday, General Schwarzkopf tempered his optimistic assessment with some caution, but he gave every impression that an overwhelming military victory was within the grasp of the multinational coalition.

He portrayed the Iraqi forces as increasingly demoralized, beset with deserters braving execution squads to flee back home, and commanded by an inept leader, President Saddam Hussein, who is reduced to communicating with some units by courier.

"Iraq's military is hurting, and hurting very badly," he said. "Our assessment of them is that they are on the verge of collapse."

The general said that if there were a ground war — he used that conditional phrase several times — he expected Iraq to use artillery to deliver chemical weapons against allied troops. He also said he thought Mr. Hussein would try to resurrect the remnants of his air force inside Iraq for the same purpose.

Mindful of the ill-founded confidence often expressed by U.S. commanders in Vietnam, where he served two tours, General Schwarzkopf said: "I don't want anyone to think I have assumed away the capabilities of the enemy, because I can still draw up 15 scenarios every day that will cause us a lot of problems. I am not saying the Iraqi military is broken yet."

"But let's put it this way," he added. "If I was getting the same pattern of reports about my forces, I'd be dreadfully worried."

General Schwarzkopf declined to discuss a timetable for a ground war and shied away from providing precise numbers for Iraqi equipment losses.

He also declined to comment on the Soviet plan for a negotiated settlement. But when asked if he would consider his military mission successful if Iraq withdrew unconditionally from Kuwait, even though Mr. Hussein might remain in power with part of his military intact, he replied, "Absolutely."

"The president has said all along that we weren't out to destroy the country of Iraq, we weren't out to destroy the army of Iraq," he said.

In reference to Mr. Hussein, General Schwarzkopf said, however, that he thought many of the Arab leaders in the coalition "would like to see us go a step further and deny him the military that keeps him in power."

But he added: "The Iraqi military has suffered so much damage that even if everything stopped today and Saddam Hussein walked out the door, Iraq would have a very dramatic setback in its military. And if they leave Kuwait quickly, they may have to leave a lot of stuff behind because, like some of the T-72 tanks that are sitting there buried in sand, some things just aren't going to run."

General Schwarzkopf said the only real surprises of the war so far were how effectively the allied Central Command had pegged Iraq's military weaknesses, such as its inability to maintain long supply lines, and how poorly the Iraqis had performed.

The general said that the Iraqi Scud missiles were so inaccurate that he did not even bother to get out of the shower during the last missile attack on Riyadh. The Iraqi Army's only offensive effort, at Khafji, was "a joke, an absolute joke," he said.

There is evidence, he added, that the failed attack had been planned personally by Mr. Hussein.

"We fully expected on Day No. 1 for him to do something," General Schwarzkopf said. "We've been waiting around for something to happen. Some sort of offensive thrust, some counterattack, something. And the only thing he could put together was Khafji."

"I thought, back when the war began, that we'd have had more aircraft losses by now, more air-to-air combat," he added. "But instead it's been like a beagle chasing a rabbit. It's been all pleasant surprises."

For 2 Superpowers, A Kind of Proxy War

U.S. and Soviets Use Gulf to Assess Each Other's Weapons and Tactics

By Robert C. Toth
Los Angeles Times Service

WASHINGTON — The clash between Western and Iraqi forces in the Gulf is providing military analysts in Moscow and Washington with an unparalleled chance to study what a war between the United States and the Soviet Union would be like.

Although the superpowers are on the same side in the conflict, analysts say the combatants in the Gulf war are as good a proxy for U.S. and Soviet forces as they are likely to see outside of a real Soviet-U.S. war.

Iraq's air force and army use largely Soviet equipment and doctrine, while the lion's share of the Western forces follow U.S. military doctrine and use U.S. equipment. Thus, many analysts see the war as a kind of laboratory for a hypothetical U.S.-Soviet conflict.

"This is as much a Soviet-trained, Soviet-advised and Soviet-equipped army as you're likely to find around," said Helmut Sonnenfeldt, a former national security official now at the Brookings Institution, speaking of the Iraqi forces. "They've been at it for some 15 years."

As a result, despite the declared end of the Cold War, military analysts for both sides are watching the Gulf war closely, not only to learn more about each other's weapons and tactics, but to assess how their own equipment and doctrine are faring against those of the other side.

Soviet satellites, repositioned over the region for maximum view, are collecting invaluable data on U.S. intelligence-gathering, use of "smart" weapons such as laser bombs, communication links and general doctrine.

"They are going to school on us, sopping up everything they can," said General John Wickham, a former U.S. Army chief of staff.

So far, the Soviets seem to have the most grounds for disappointment. Coalition forces lost about 0.2 percent of attacking planes in the initial assault — 10 times fewer than anticipated. No U.S. planes have been downed by Soviet SAM missiles, in sharp contrast to their terrible toll in Vietnam.

Edward Warner, a former air force officer now with the Rand Corp., pointed to several other successes that he said were bound to have impressed the Soviets:

- U.S. tactical intelligence has precisely pinpointed targets, even in central Baghdad, with intercepted radio signals, photo reconnaissance and other methods.
- The first performance of new weapons, such as stealth F-117s, Tomahawk cruise missiles and the Patriot anti-missile defense system, has been a success.
- The new "reconnaissance-strike" concept, in which airborne radar and other sensors detect stationary and mobile targets and transmit their sightings almost instantaneously to mobile army ground stations or U.S. attack aircraft, has worked well.

The U.S. military would obviously benefit from access to data on the weapons supplied to Iraq by the Soviet Union, but the Soviets deny passing on to Washington any information regarding their military relationship with Iraq.

But there are some valid reasons for not going too far in viewing the Gulf war as a surrogate for a potential U.S.-Soviet clash, said Lieutenant General William Odom, former head of army intelligence and now at the Hudson Institute.

The desert terrain is markedly different from that in Europe where battles between North Atlantic Treaty Organization and Warsaw Pact forces were considered most likely to occur.

And in the Gulf war, the roles of the two combatants have been reversed. The European scenario — and Moscow's own military doctrine — had envisioned that the Soviets would attack, with NATO on the defensive. But U.S.-led forces in the Gulf are waging the attack.

Although General Wickham pointed out that for all the similarities, the Iraqi military is not precisely a Soviet clone, it has adopted, and adapted, much Soviet doctrine.

Among the prime examples:

- *Maskirova*, a well-developed Soviet tactic of deception and camouflage. Iraq has built dummy mobile Scud launchers and aircraft and even painted fake craters on airport runways and on bomb shelters to suggest possible damage.

There are some indications that Iraqis may have deceived U.S. intelligence into believing that the Baghdad structure in which about 300 civilians were killed last week was a military command post.

- Highly centralized command and control, with virtually all major moves ordered from the top. Unlike American practice, the Iraqi structure permits little flexibility and initiative at lower levels.
- Greater reliance on artillery. Iraq had two to three times more artillery pieces, including some 155mm cannons with far longer ranges than coalition forces. Western forces rely more heavily on weapons to counter enemy artillery, including special radar that directs fire from rocket launchers.
- Well-prepared, triangular "strong points" for battalion-size defense, with earthen ramparts, deep trenches and "killing fire zones" to repel attackers. Soviet Army doctrine provides for similar points.

Despite such similarities, Moscow insists that the proxy analogy does not hold water because the weapons and tactics, while Soviet-engineered, are being handled by Iraqis and not by Soviets.

Lucien Perkins/The Associated Press

NEW HOME — A puppy found wandering in the desert being taken care of by Specialist William Dunsford, right, Sergeant Thomas Berry, center, and Staff Sergeant Barry Burke of the 3d Armored Calvary Regiment. They are sitting on a tank in Saudi Arabia.

The Analysts' View: Day 35

Four strategists pick the major development in the last 24 hours of the war.

Robert Hunter | François Heisbourg | Ze'ev Schiff | Abdul-Karim Abou-Nasr

ROBERT E. HUNTER
Vice president of the Center for Strategic and International Studies in Washington.

As the United States prepares for ground war from a position of military dominance, it is natural to recall lessons from World War II and the Falklands War: the prospect of a total victory that will liberate Iraq from its tyrant. But that notion risks beggaring Middle East history and politics. To deny Saddam Hussein the chance to save face is one thing; to deny it to the people of Iraq is quite another. This argues for hewing to the stated goal of freeing Kuwait — by diplomacy if still possible.

FRANÇOIS HEISBOURG
Director of the International Institute for Strategic Studies in London.

If Baghdad accepts the Soviet plan and if it is confirmed that the plan precludes any form of linkage between the liberation of Kuwait and the Palestinian issue, then Saddam Hussein may have to pay a heavy political price in the Arab world. After having invoked the Palestinian cause 10 days after the invasion of Kuwait, he would now be dropping it for reasons of his own. The PLO's current leadership stands to suffer because of its pro-Saddam policies. Yasser Arafat has further weakened his postwar prospects by condoning the invasion of Kuwait and by denouncing the UN's actions to free that country: This puts Mr. Arafat in a poor position to claim UN action to recover occupied territory.

ZE'EV SCHIFF
Military editor of the Tel Aviv daily Ha'aretz.

Once the ground assault begins it will become clear that, as in the air war, it will be impossible to limit the military operations to Kuwait alone. There will be no avoiding frontal assaults, which usually entail heavy losses, unless large forces maneuver within Iraqi territory. It will not be possible to surround the Iraqi forces or strike at the units of the Republican Guard from the rear without operating in Iraq proper.

ABDUL-KARIM ABOU-NASR
Editor and political commentator with leading Arab publications since 1965; now working with a Kuwaiti daily, Al Qabas.

Iran is pursuing a save-Iraq policy, pushing Saddam Hussein to accept the UN resolution on Kuwait and pleading with some coalition governments to support a cease-fire if Baghdad complies. Tehran's approach — reflecting a dramatic shift in attitudes after the long, destructive war between the two countries — is motivated by two major concerns. The Iranian leadership believes that a ground attack could lead to Iraq's disintegration and an irredentist bid by Turkey for the region of Iraq around Mosul and Kirkuk, which would be a very dangerous development for Tehran. In addition, Tehran is seeking to counter the emergence of a Pax Americana in the Gulf. Instead, Iran is promoting a postwar regional security pact, involving the six Arab governments in the Gulf Cooperation Council, plus Iraq and Iran. The role for Western forces would be confined to their participation in a UN peacekeeping force between the belligerants: Iraq and Kuwait, Iraq and Saudi Arabia. Iran's plans will thus be best served by stopping the war now, even if Saddam survives.

Allied Battle Plan: Speed and Violence

'We want to roll as quickly as we can, and we'll destroy anything in the way'

By Molly Moore
Washington Post Service

DHAHRAN, Saudi Arabia — The allied ground war plan against Iraqi forces is based on a "high-tempo, fast-paced" assault to be waged "more violently than any war in history," according to senior U.S. military officials.

"The maxim in our battle plan is to move very quickly," a U.S. general said. "We want to roll as quickly as we possibly can, and we'll destroy anything in the way." He described the land battle plan, if executed, as a campaign based on "speed and shock and violence."

In addition to attacks by hundreds of allied tanks and artillery, the plan designed by General H. Norman Schwarzkopf and his staff incorporates feints to lure Iraqi forces out of their bunkers where they are more susceptible to air attacks, officials said.

Lieutenant General Calvin Waller said this week at an army supply base within earshot of the allied bombardments across the border that "it doesn't appear that it's going to be long" before the land war begins.

In recent days, allied forces have substantially increased isolated land attacks on Iraqi forces in Kuwait and Iraq.

Reconnaissance patrols by allied and Iraqi forces and intensified harassment fire by the allies have softened and broadened the border area separating the opposing forces.

The attack will be "prosecuted more violently than any war in history," said Colonel James Riley, who commands a brigade of the army's 1st Armored Division.

"Some of these Iraqis are going to be laid to rest right there in the holes they've been sitting in," he said. "They're just going to be covered up as we go by."

Although the war plan is based on a scenario of a massive, rapid assault against troops entrenched in Kuwait and Republican Guard forces along the Kuwaiti border inside Iraqi, senior commanders said the allied forces faced a mission fraught with the possibility of unexpected battlefield disasters.

"It's not going to be a snap," said Lieutenant General Thomas W. Kelly, director of operations for the Joint Chiefs of Staff.

While intensive aerial bombardments are to continue throughout a land campaign, much of the allied air power, particularly the U.S. A-10 anti-tank planes and attack helicopters, will be shifted to their more traditional missions of protecting moving ground forces from enemy armor and infantry attack.

Most of the allied forces will push across the Kuwaiti and Iraqi borders in bulky, cumbersome chemical suits and masks. "This war will be chemical probably from the very first hour," a military intelligence officer said.

The first allied forces to enter the heavily mined, booby-trapped and bermed Iraqi battlefield will be Marine mine-breaching teams and army engineering units to clear paths. Although allied warplanes have been seeding the mine fields with bombs, ground forces expect at least one-third of the submerged explosives to survive air raids.

While the anti-mine teams are at work, attack planes and helicopters will be firing missiles and dropping bombs on any Iraqi artillery units trying to stop them.

Field commanders say one of their greatest concerns is that the mine-breaching teams could be slowed enough by artillery fire to impede advancing allied tanks and infantry units, creating a battlefield traffic jam.

Allied forces have divided the battlefield, giving Saudi, Kuwaiti and other Arab forces the politically sensitive position of moving into Kuwait City first with support from Marine amphibious, air and ground units, according to Saudi and U.S. officials.

Other Marines, and British and U.S. Army units will assault Iraqi front-line and second-echelon forces in Kuwait and heavy-armor divisions with M1-A1 tanks are to be used against Republican Guard forces inside Iraq.

U.S. officials have asked the media to refrain from identifying the roles and locations of specific units.

The air campaign will remain critical throughout the ground war, according to military officials. When ground units encounter particularly fierce fire, with the prospect of massive allied casualties, the units will be pulled back briefly while additional air support is called in.

Gulf Notes

■ **At least 40 U.S. servicemen** have been killed in noncombat incidents since the Gulf war began, officials said Wednesday. A total of 35 Americans have been killed in accidents during the 35 days of the campaign to evict Iraqi forces from Kuwait; four others have died of natural causes, and one case is still under investigation, a military spokesman said. The spokesman said that of the 35 accidental deaths, 15 died in aircraft crashes, 14 in road accidents, two in a collapsed bunker, three by inadvertent discharge of a weapon and one by drowning. *(AFP)*

■ **Black, greasy rain** caused by smoke from burning oil wells in Kuwait poured on the Iranian Gulf port of Bushehr on Wednesday, the Iranian press agency IRNA reported. It was the fourth black rainfall on the city, almost due east of Kuwait, since the war erupted five weeks ago. The agency said Tuesday that the cloud of black smoke coming from Kuwait had moved south from Bushehr and blanketed Bandar Lengeh near the Strait of Hormuz. *(Reuters)*

■ **Female French journalists** covering the Gulf war are fighting a battle to join male colleagues on the frontline. The French Army has so far managed to keep them away from the front — apparently because commanders fear for their safety among soldiers who may not have seen a women for months. "It's a big injustice, and I'm ready to go to law over it," said Marie-Claude Dubin of the newspaper France-Soir. *(Reuters)*

9,000 Have Fled Iraq Through Iran Crossing

Reuters

NICOSIA — More than 9,000 people have fled Iraq through an Iranian border crossing since the Gulf war began, the Iranian press agency said Wednesday.

The arrival of 251 persons Tuesday brought to 9,102 the number of refugees who have reached the Khosravi checkpoint. An Iranian official said that Iran was prepared to handle 100,000 refugees.

Israel Sees Immigration as Target

By Joel Brinkley
New York Times Service

JERUSALEM — A senior immigration official said Wednesday that one of Saddam Hussein's principal motivations for attacking Israel with Scud missiles was to slow or stop Soviet Jews from immigrating here.

The Gulf war has in fact significantly slowed Soviet immigration. In the first seven weeks of 1991, about 17,000 Soviet Jews arrived, half as many as during the 31 days of December.

Simcha Dinitz, head of the Jewish Agency, the semi-public Israeli immigration organization, said the Iraqis were "trying to create an image of tension that would discourage immigration."

Speaking to a gathering of international Jewish leaders, Mr. Dinitz said the Iraqi president would later be to be able to claim that "he did something none of the other Arab leaders could do" — to slow or halt the flow of immigrants that has troubled many in the Arab world.

But still, he noted, just over 10,000 Soviet Jews have come to Israel since the war began on Jan. 17.

To deal with the continuing wave, the international leaders said they had set a new worldwide fund-raising goal — $1 billion over the next year.

For several months before the war, Israeli officials said repeatedly that they expected 1 million Soviet immigrants within two or three years if Moscow maintained its current emigration policy. About 185,000 arrived last year.

Officials say immigration this year would most likely be 25 percent lower than expected, or 300,000 people instead of the projected 400,000.

Fear of Scud attacks is only one reason that Soviet immigration has fallen off. For instance, Israel substantially reduced the financial benefits given to new immigrants because the state could no longer afford what it had been offering.

Many Soviet arrivals said they had rushed to beat the Jan. 1 deadline; about 35,000 arrived in December, compared with 25,000 in November, 20,000 in October and 19,000 in September.

In one sense a falloff would be beneficial, since the government is more than a year behind in building housing for newcomers. In addition, the war, the missile attacks and attendant problems have made economic problems worse, hindering Israel's ability to absorb the immigrants successfully.

As a result, Prime Minister Yitzhak Shamir, Mr. Dinitz and others called on Jewry to give even more than already record-high donations. Last year, the world's Jews donated $600 million, Mr. Dinitz said, $420 million from the United States and $180 from elsewhere.

Israel recently imposed a 5 percent tax surcharge on its citizens, the first concrete step the country has taken to raise money from its own people to pay for immigrant absorption. But the state is turning most of its attention to Washington, hoping that the U.S. people and government will pick up the bill.

■ $400 Million U.S. Loan

The United States said Wednesday that it had approved the release of $400 million in loan guarantees for Israel to build housing for Soviet immigrants, Reuters reported from Washington.

The United States held up the guarantees for more than a year to receive assurances that the money would not be spent on Israeli settlements in the occupied territories.

Visiting Germans Snubbed by Israel On Missile Views

Reuters

JERUSALEM — Israelis snubbed visiting delegates of the German Green Party on Wednesday after one of them was quoted as saying Iraqi missile attacks on Israel were logical.

In a report from Berlin on Tuesday, the Jerusalem Post quoted a party spokesman, Hans Christian Ströbele, as saying: "Iraq's attacks on Israel are the logical, almost compelling consequence of Israel's politics vis-à-vis the Palestinians and the Arab states, including Iraq."

Arriving in Israel Tuesday, Mr. Ströbele said he had been misquoted. But the Israeli Foreign Ministry and the leftist opposition Citizens Rights Movement canceled meetings with the Greens scheduled on Wednesday.

Mr. Ströbele said on arrival, "We strongly condemn the rocket attacks on Israel." Other group members said anyone who supported rocket attacks on Israel would be expelled from the party.

WAR IN THE GULF: A New Role for Canadian Troops, a Return Trip to Soviet Capital for Aziz

John Rice/The Associated Press

A boy carrying a plate of sausages among the ruins of homes in an area west of Al Ahrer Bridge in Baghdad. The homes were destroyed in a recent allied bombing raid.

Canada Shifts to Offense Role

Ottawa Tells Allies It Hopes to Speed End of the War

By Barry James
International Herald Tribune

Canada announced Wednesday that it was stepping up its participation in the Gulf war to include air-to-ground strikes in the Kuwait theater of operations, changing from a defensive to an offensive role for the first time since the beginning of the conflict.

The Canadians are among almost 30 nations supporting the allied action to drive Iraq out of Kuwait, bringing together Muslims and East Europeans, Arabs and Latin Americans, Afghan guerrillas and 500 infantrymen from relatively impoverished Senegal.

After the United States, Britain has contributed more than any other non-Arab country to the war effort, with 37,000 personnel deployed in the region, compared with 527,000 Americans.

In the Red Sea, Argentine ships work in close collaboration with Britain's Royal Navy, their enemies in the Falkland Islands war in 1982. The corvette Rosales left Puerto Belgrano this week to join the corvette Spiro and the frigate Almirante Brown.

Many of the countries in the coalition are playing a passive role, either by committing naval forces, logistic support or medical units. Allied officers warmly greeted Canada's decision Wednesday to go over to a more active offensive role.

"The more we weaken Saddam Hussein's army from the air, both before and during a ground battle, the fewer will be the casualties suffered by the coalition forces and the sooner we can end this war and restore the peace," said Canada's minister of defense, William H. McKnight, in explaining the decision to parliament.

The change in role will require slight modifications to Canada's squadron of 26 CF-18 Hornet fighter-bombers, which from their base in Qatar have until now been carrying out sweep and escort missions — clearing the skies ahead of bombing missions or flying cover for the bombers, or protecting ships in the Gulf.

Group Captain Niall Irving, a spokesman for the British forces, said that the Canadian flyers had done "a first-rate job as part of the allied operations" in carrying out a wide variety of tasks in the air defense role.

> **'The more we weaken Saddam Hussein's army from the air, both before and during a ground battle, the fewer will be the casualties suffered by the coalition forces.'**
> Defense Minister William H. McKnight

With the arrival this week of a field hospital, Canada is sending 2,300 men and women to the Gulf, a significant proportion of its unified armed force of only about 83,000. Apart from the squadron of combat planes, the Canadians also are major contributors to the Combat Logistics Force, a 10-nation effort that keeps warships in the Gulf supplied with fuel, water, munitions, spare parts and food.

The entire force is under the command of a Canadian, Captain Duncan Miller. The Canadian contribution to the force consists of the resupply ship HMCS Protector and two destroyers, the Athabaskan and the Terra Nova.

Bush Says U.S. Won't Help Rebuild Iraq

Agence France-Presse

WASHINGTON — The United States will not pay for the postwar rebuilding of Iraq, where allied bombing has destroyed much of the infrastructure, President George Bush has told U.S. legislators.

"We are not about to pay to rebuild Iraq," Representative Robert H. Michel, the House Republican leader, quoted the president as saying during a meeting with congressional leaders at the White House.

Iraq is a "rich country, if they'd just use their resources wisely" instead of using them to create a military machine, Mr. Bush said, according to Mr. Michel, who referred his notes of the meeting.

Mr. Bush's remarks differ from those made by Secretary of State James A. Baker 3d at a congressional hearing Feb. 7. In that testimony, he proposed creating a Middle East bank for reconstruction and development that would use its funds in part to rebuild Iraq.

"I do think that there has to be American leadership," Mr. Baker told the panel. "And I don't think that the American leadership should be limited just to the security and political fields."

"I think that there ought to be some American leadership economically as well," he added.

Mr. Bush told legislators that the administration was already examining issues related to the postwar situation in the Gulf. But he stressed that Washington would not play the same kind of role in the Gulf as it had after World War II, when it led efforts to reconstruct Europe and Japan.

"There isn't going to be any kind of big economic aid program for countries with that kind of wealth," Mr. Michel quoted Mr. Bush as saying.

King Fahd Demands Reparations From Iraq

The Associated Press

RIYADH — King Fahd of Saudi Arabia, whose nation needs to borrow money for the first time in decades, has demanded reparations from Iraq for the enormous costs linked to the war, according to a report Wednesday.

The king also said that neither a Soviet peace plan nor any other could succeed without an unconditional Iraqi pullout from Kuwait.

King Fahd said Iraq's invasion of Kuwait had "spoiled all that existed in Kuwait, as well as harming the kingdom of Saudi Arabia and bringing it into debt."

"We shall demand all that from Saddam Hussein," he said.

Speaking of the Iraqi leader, the king said, "The tyrannic man must be made to pay reparations."

He spoke Tuesday to Islamic scholars. His statements were distributed Wednesday by the official Saudi Press Agency.

Kuwaiti officials have estimated the damage inflicted in their country at about $15 billion to $20 billion, while others have estimated the rehabilitation will cost $60 billion.

The king gave no indication of what Saudi Arabia would demand.

But the kingdom has committed $48 billion to help finance the war, according to diplomats. The finance minister, Sheikh Mohammed Ali Abalkhail said Monday that because of the war, Saudi Arabia was facing a budget deficit and was seeking to borrow money from abroad for the first time since the 1950s.

World Headlines: Day 35

Bush: Gorbachev's Plan Is Insufficient
Frankfurter Allgemeine, Frankfurt

The Great Achievement of the Steel Complex in Wuhan
People's Daily, Beijing

U.S. Dismisses Soviets' Peace Proposal
Mainichi Shimbun, Tokyo

Santiago Is Not Only Preparing for the 4th Party Congress, but Also for the 21st Century
Granma, Havana

On the Road to Confrontation (Between Gorbachev and Yeltsin)
Pravda, Moscow

Granma 人民日报 ПРАВДА Орган Центрального Комитета КПСС Frankfurter Allgemeine

Iraq Says It Will Send Aziz to Moscow 'Soon' With a Reply to Plan

Compiled by Our Staff From Dispatches

NICOSIA — Iraq said Wednesday that it would send Foreign Minister Tariq Aziz to Moscow soon with President Saddam Hussein's reply to Soviet proposals aimed at averting a ground war.

Baghdad radio said the decision was made at a meeting of the ruling Revolution Command Council late Wednesday night. The meeting was led by Mr. Hussein. The radio said the meeting listened to a report on Mr. Aziz's visit to the Soviet Union and Iran.

It added that the meeting considered proposals by President Mikhail S. Gorbachev of the Soviet Union. The radio said the council "decided to send Aziz to Moscow soon carrying the leadership's reply to Gorbachev's proposals."

It was the first time the Iraqi press had mentioned the Soviet plan, which Mr. Gorbachev handed to Mr. Aziz on Monday during a meeting in Moscow. Soviet officials had said that they expected Mr. Aziz to return with the answer.

The fact that Mr. Aziz was returning to Moscow raised hopes that, after one month of allied air assaults, Iraq was at least serious about exploring peace avenues and possibly willing to agree to the Soviet plan.

The report on Baghdad radio's midnight newscast followed several commentaries that suggested a ground war was imminent. In one, the broadcast predicted a long, hard and costly war and said the allies would be sent home in "endless convoys of coffins."

The radio said the meeting was also attended by Saadi Mehdi Saleh, chairman of the National Assembly, or parliament, and Information Minister Latif Nasif Jasim.

It gave no indication of what Iraq meant by "soon" or what its response might be.

Mr. Aziz returned to Baghdad from Moscow and Tehran on Tuesday and the Iranian foreign minister, Ali Akbar Velayati, said later that he expected Mr. Aziz to visit Moscow on Thursday.

Also Wednesday, Mr. Jasim ridiculed statements attributed to the commander of U.S. forces in the Gulf, General H. Norman Schwarzkopf, that the Iraqi military was "on the verge of collapse."

Mr. Jasim added, "This is just another fabrication of this damned criminal's rotten mind."

(Reuters, AP)

DEADLINE: *U.S. Holds Firm*

(Continued from page 1)

the aggressors will be carried in endless convoys of coffins."

Elsewhere, Iraqi officials consulted with top Chinese leaders in Beijing, Italy appeared to endorse the purpose of the Soviet plan and Mr. Velayati sought to enlist the French in Iran's peace efforts.

There was no midday news briefing in Washington by Mr. Bush's chief spokesman as the White House sought to focus attention on its plan to revamp the nation's energy strategy. Mr. Bush, posing for photographs with Queen Margrethe, refused to answer questions.

One of the top two leaders in Congress, Representative Thomas S. Foley, the speaker of the House, said in a broadcast interview that Mr. Bush could not fail to accept a peace plan "if Saddam Hussein would agree to withdraw unconditionally and without linkage from Kuwait." He said, however, that the president would be "extremely reluctant" to accept a plan that included "any sort of reward" for Mr. Hussein.

In Rome, a senior official said Italy held a "positive" view of the political elements of the Soviet plan, which has not been made public. The official also said it understood Mr. Bush's reluctance to accept some of the plan's military and technical implications.

The Italian official, Nino Cristofori, an aide to Prime Minister Giulio Andreotti, said the plan called for Iraq to begin withdrawing from Kuwait a day after a cease-fire takes effect and pledged that Iraqi troops would not be attacked while withdrawing.

Later, Foreign Minister Gianni De Michelis said the Italian reaction did not imply any split with the United States. The U.S. State Department had no comment on Italy's position.

In Beijing, Iraq's deputy foreign minister, Saadoun Hammadi, met with Prime Minister Li Peng, The Associated Press reported. China "urged Iraq to seize the opportunity and take immediate and concrete measures and actions to withdraw its troops from Kuwait," the official Xinhua news agency said.

In the UN Security Council, China had joined Britain, France, the Soviet Union and the United States in demanding an Iraqi withdrawal from Kuwait but abstained in a vote authorizing the use of force.

Speaking on U.S. television, a spokesman for Mr. Gorbachev, Vitali Ignatenko, said Moscow did not view Mr. Bush's response to its plan as a categorical rejection.

"It seems to me the reaction of President Bush is a right one, and we comprehend it perfectly," he said.

Mr. Hussein, he said, should not be given a "gift" but should be given a "chance" to "evaluate the situation and to familiarize himself with what the international public, the U.S.A. and the U.S.S.R. are preoccupied with."

Mr. Foley, the House speaker, expressed a widely held view in top U.S. government circles when he said officials feared that Iraq could leave Kuwait with a relatively large military force intact.

"I think there is a concern that if you allow Saddam Hussein to restore his military power and return to Iraq and have an intact government," Mr. Foley said, "there will be a serious problem in the Gulf for years to come."

He said the removal of Mr. Hussein "is not an explicit, definite aim of the United States."

"But," he added, "I think more and more there is a hint that Saddam Hussein will be an extremely difficult continued government for the United States to accept."

Representative Robert H. Michel, the House Republican leader, said the United States wanted conditions in Iraq to change.

"While that may go a bit beyond what the UN resolutions call for, we want to stay on course with our military attack and not be delayed," he said.

The 12 UN Resolutions

Reuters

The 15-member United Nations Security Council has adopted 12 resolutions on the Gulf crisis:

Aug. 2. (Resolution 660) — A demand for Baghdad to withdraw its forces from Kuwait. The vote was 14 to 0 with Yemen not participating.

Aug. 6. (661) — Stringent sanctions imposed on all trade to and from Iraq except for medicine and, in humanitarian circumstances, food; 13 to 0 with Yemen and Cuba abstaining.

Aug. 9. (662) — A declaration that the Iraqi annexation of Kuwait was null and void; 15 to 0.

Aug. 18. (664) — A demand for Baghdad to allow foreign nationals to leave Iraq and Kuwait and to rescind its order to close diplomatic missions in Kuwait; 15 to 0.

Aug. 25. (665) — Authorization for states to use limited naval force and to inspect cargoes to ensure compliance with the economic sanctions; 13 to 0 with Cuba and Yemen abstaining.

Sept. 13. (666) — Approval of food shipments to Iraq and Kuwait for humanitarian purposes, but only if distributed by approved international groups; 13 to 2 with Cuba and Yemen opposed.

Sept. 16. (667) — A condemnation of raids by Iraqi troops on French and other diplomatic missions in occupied Kuwait; 15 to 0.

Sept. 24. (669) — Entrusting the Security Council's sanctions committee to evaluate requests for assistance from countries suffering because of the trade embargo; 15 to 0.

Sept. 25. (670) — Prohibition of air traffic with Iraq and occupied Kuwait except in humanitarian circumstances; 14 to 1 with Cuba opposed.

Oct. 29. (674) — A request asking states to document financial losses and human rights violations resulting from the invasion; 13 to 0 with Cuba and Yemen abstaining.

Nov. 28. (677) — A request that the UN secretary-general safeguard a smuggled copy of Kuwait's pre-invasion population register.

Nov. 29. (678) — Authorization for states "to use all necessary means" against Iraq unless it withdrew from Kuwait on or before Jan. 15; 12 to 2 with China abstaining and Cuba and Yemen voting against.

TERMS: *Allies Determined to Bar Iraqi 'Loophole'*

(Continued from page 1)

arms, if any, retreating Iraqis would be allowed to bring out of Kuwait.

Wider allied plans appear to be evolving as Western officials are beginning to believe that the outlook in the region will be drastically reshaped by the war's outcome, particularly if Iraq's armed forces are smashed in a ground battle.

The Bush administration has dropped a plan for a Western-supported Gulf reconstruction bank and apparently also moved away from ideas of possibly hunting down Mr. Hussein in order to try him as a war criminal.

Faced with the likelihood of heavy ground fighting, allied leaders have backed away from specific objectives and now anticipate arriving at their political line as developments warrant.

Western calculations have been complicated by the re-emergence of President Mikhail S. Gorbachev of the Soviet Union in the Gulf equation. After Soviet passivity during the first month of combat, he now seriously wants a high-profile negotiating role, both for domestic prestige and to stake out a Soviet role in the postwar Gulf region.

"He is gambling high, higher than we expected," a French Foreign Ministry official said. While the details of the Soviet proposal are being kept secret, diplomats said Friday that they expected Iraqi acceptance to trigger a personal call by Mr. Gorbachev for a cease-fire in the Gulf.

The likely Soviet role, however, has so far not aroused concern among Western governments, allied officials said, because they believe that Moscow will feel constrained by a need to retain strong ties to Washington. At the same time, Mr. Gorbachev might gain badly needed domestic prestige.

"We have to keep in mind what we feel about Gorbachev," a French official said. "Don't we think that he is probably preferable to anyone else there from our viewpoint?"

Although Paris is less edgy than Washington about a Soviet role in the Gulf, President George Bush has appeared to shed many U.S. objections to seeing Moscow help manage problems in the region.

Although Moscow timed its peace initiative to occur before the war gathered the fierce momentum of a ground assault, the Soviet mediation efforts appear likely to continue even when the fighting intensifies.

Asked if Western governments were worried that the Soviet Union might emerge as the protecting power of Iraq, a French official dismissed that as a threat to Western interests. He said that responsibility for postwar Iraq would not be a gift for any government.

PLAN: *Omissions Led to Rebuff*

(Continued from page 1)

the Soviet proposal would not stop the war, even if it were accepted wholly and immediately by Iraq. President François Mitterrand of France has expressed the same sentiment in even stronger terms in private.

The Soviet proposal provided no reason to stop the war, Mr. Mitterrand told intimates at Elysée Palace this week. He described himself as being perhaps even more skeptical about Mr. Hussein's intentions than is Mr. Bush or Mr. Major. Mr. Mitterrand spoke to both men at length in separate telephone calls on Tuesday using terms that were later described as "robust," the coalition's favorite euphemism for hawkish.

In return for Baghdad agreeing to set a specific date to begin withdrawal, the Soviets pledged to go to the UN Security Council and sponsor a cease-fire to start 24 hours later. Explicitly ruling out linkage of the withdrawal to other regional issues, as Iraq had demanded, the Soviets promised to push for discussion of such issues at a future, indefinite time. The plan is mute on the question of continuing sanctions against Iraq, war crimes and reparations, according to one account.

In effect, the Soviets promised only to try to cover Mr. Hussein's back while he was withdrawing. But the very sparseness of the plan was its fatal flaw.

"There is nothing in it that lays out how you transpose the withdrawal by the Iraqis into a viable situation on the ground as and after they leave Kuwait," an allied official said. "There are a number of issues, such as prisoners, withdrawal of heavy equipment and what happens to the chemical-weapons stockpiles that should be worked out between the coalition and the Iraqis, but these are simply not addressed in the plan."

The plan's chief virtue probably explains Mr. Hussein's failure to accept it as soon as it was presented. It would force him to give up any pretense in the Arab world that he was withdrawing from Kuwait to help the Palestinian cause.

Otherwise, the Gorbachev plan is too little, too late. There is not enough in it to recast the showdown in the clear black-and-white choices that might have forestalled the climactic ground offensive. President Hussein's failure to accept the Soviet plan immediately — to grab at the small life buoy that Mr. Gorbachev threw him — is most likely to be recorded as the last of his many miscalculations on the road to military defeat in Kuwait.

Western Embassies Hit By Bombs in Tehran

Reuters

ROME — Bombs exploded at several Western embassies in Tehran on Wednesday, causing damage but no casualties, the Italian Foreign Ministry said.

"We know a bomb exploded in the Italian Embassy compound," a ministry spokesman said. "There were also bombs at several other Western embassies."

The Italian news agency ANSA reported that bombs also exploded at the embassies of Britain, Turkey and Germany. But the ministry spokesman could not confirm this report.

The spokesman said the bomb at the Italian Embassy caused no casualties but broke a few windows. He said the bomb was thrown from the street outside the embassy and exploded on the roof.

"It was a small device," he said. "It didn't get into the embassy building."

ANSA said four bombs exploded in the British Embassy, causing some damage but no casualties.

Two other bombs were thrown at the Turkish and German embassies, where there was damage but no casualties, ANSA said.

It said the bombings were all carried out within a few minutes of each other. Security at Western embassies has been tightened because of fears of pro-Iraqi terrorist attacks linked to the Gulf war.

■ U.S. Subsidiaries Attacked

Arsonists carried out attacks early Wednesday against two subsidiaries of U.S. companies in Freiburg, Germany, police told The Associated Press. No injuries were reported. Authorities said they suspected that both incidents are linked to the Gulf war.

The police said the first attack, at 3:15 A.M., occurred when a fire was reported at a IBM computer office in Freiburg. Fireman said it was started by a firebomb thrown through a window.

In a second attack about 10 minutes later, also in Freiburg, a Coca-Cola bottling company truck was reported burning at the local subsidiary. An unexploded device was discovered by firemen under a second Coca-Cola company vehicle.

WAR: *GIs Enter Kuwait for POWs*

(Continued from page 1)

ready to surrender," he said.

As preparations quickened for a possible ground war that troops regarded as imminent, allied forces fired heavy artillery and rocket barrages into Iraqi lines, drawing only slight return fire, according to U.S. officials.

U.S. transport planes dropped 15,000-pound (6,800-kilogram) BLU-82 "Daisy Cutter" bombs on a Kuwaiti island in preparation for a possible offensive, a U.S. Air Force captain said Wednesday.

The heavy bombing leveled the island to the point where "there is not much there" and prepared the ground for an offensive against Iraqi occupying forces in Kuwait, the officer said.

The island is only 25 minutes by boat from the Kuwaiti shore.

British military officials said two weeks ago that their forces had bombed gun emplacements on the island because they threatened allied warships.

General Neal said that U.S. planes also repeatedly attacked a concentration of about 300 Iraqi vehicles parked in revetments 60 miles (100 kilometers) into Kuwait, destroying 28 tanks, 26 other vehicles, 3 artillery pieces and 3 ammunition storage areas.

Poor weather prevented some pilots from carrying out their missions, according to a British spokesman.

But General Neal said that allied aircraft carried out a further 2,900 sorties for a total of more than 86,000 missions since the war began on Jan. 17, including 1,000 sorties designed to soften up the potential battlefield in the Kuwait theater of operations.

Warplanes continued to pound the Republican Guard, Iraq's best fighting force, which Rear Admiral Mike McConnell of the U.S. Joint Chiefs of Staff indicated for the first time is deployed not in Kuwait but north of the Iraqi-Kuwait frontier.

In an earlier attack, B-52 bombers knocked out a Scud missile site minutes after it fired a missile at the direction of Israel on Tuesday night, the U.S. command said. An F-15 pilot saw the missile rising through the clouds, and the launching site was bombed immediately afterward. Lieutenant General Thomas W. Kelly, director of operations for the Joint Chiefs, termed the operation "a delightful way to kill a fly."

A British spokesman, Group Captain Niall Irving, said that Royal Air Force Tornado and Buccaneer jets destroyed an ammunition bunker at an airfield in Iraq, creating a gigantic explosion that pilots reported sent a pall of smoke 15,000 feet (4,575 meters) into the sky.

"It was the largest explosion we've seen so far," according to Captain Irving, who said that round-the-clock air raids had brought a "useful attrition" of Iraqi artillery and fuel stocks.

"But I can assure you plenty still remain," he said.

Captain Irving said there had apparently been "a trickle" of defections from Republican Guard. But he said that they were not on a significant level and that while morale among Iraqi troops had apparently dropped in recent weeks, "we are still facing a potentially very dangerous enemy, and one that is capable of fighting."

That assessment was shared by Brigadier General Charles Krulak, commander of a mobile Marine supply base near the Saudi border, who warned that an allied assault, which troops expect at any time, would not be a "cakewalk."

General Krulak told pool reporters at his command bunker in the desert that more than a month of intensive bombardment had "not devastated the Iraqi Army, and that enemy troops had built "very fine" Soviet-style defenses in depth along the frontier, including half a million mines, deep trenches that can be filled with flaming oil, tank traps and high sand berms.

But he said the 90,000 Marines expected to head the allied assault were well trained.

"We have rehearsed down to the gnat's rear end what we have to do, both expected and unexpected," the general said. "They know what they've got to do."

In Washington, General Kelly warned that "war's a bloody thing and we are going to take casualties."

"It's going to be painful," he said. "I think it's going to be more painful to the other side."

But Admiral McConnell warned that Iraqi resilience and ability to work around problems had surprised allied commanders. He recalled that President Saddam Hussein of Iraq lost 10,000 men in a single day while fighting Iran and did not flinch.

Some allied commanders said they were mystified about the almost total lack of activity by Iraqi forces in recent days. Allied soldiers and helicopter pilots said they had met little resistance to growing activity along the border in preparation for an invasion.

General Kelly said there was some "minor repositioning" among Iraqi forces, but not enough to indicate any enemy intent.

PARTIES: *Maneuvering for '92*

(Continued from page 1)

America for a long time as we have in the troops. They are going to be the political icons for the next cycle."

The Republicans face their own obvious risks in the war, first and foremost the effect of American casualties when and if a ground offensive begins. One prominent Republican consultant said last week that his party's worst case scenario was a prolonged war and an economy that remains stalled in recession in 1992. Republicans still remember the slide Mr. Bush took in the public-opinion polls during last fall's struggle over a budget.

All of this strategy and planning is, to a large extent, muted and subterranean. Both parties are keenly aware of how little the public likes the notion of seeking partisan advantage from a war. Perhaps the clearest measure of this came when the White House quickly distanced itself from the remarks of the new Republican chairman, Clayton K. Yeutter, who said that Democrats in the 1992 campaigns would come to regret their votes against the use of force.

A senior Republican said: "It's in the Republicans' best interest for support for the war to stay bipartisan now. That was Yeutter's mistake. At the end of the day, the president will get credit, and at the end of the day, if the war goes well, those who supported it will get credit. But there's plenty of time for that to happen by 1992."

In the meantime, beneath the quiet surface, both parties are planning for a campaign when the truce no longer applies.

Germany Sends U.S. $2.16 Billion for Gulf

The Associated Press

FRANKFURT — Germany transferred $2.16 billion in promised support for the Gulf war effort to the United States on Wednesday, a Foreign Ministry spokesman said.

A television report said the money was intended to help cover U.S. expenses in the Gulf for the first quarter of the year.

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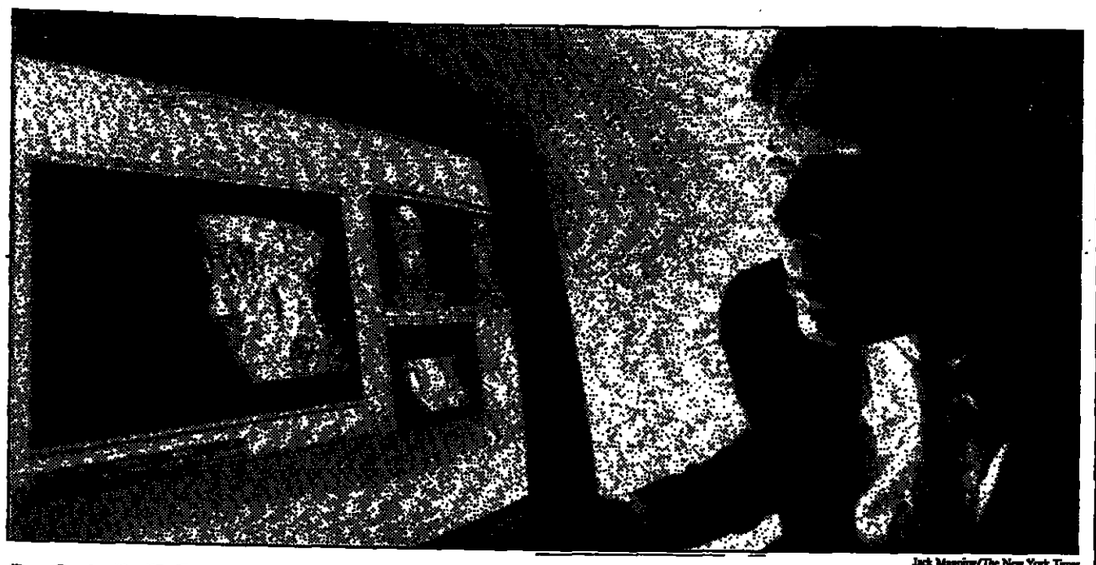
HEALTH / SCIENCE



Jack Manning/The New York Times

Dr. Craig D. Hall working with computer during rehearsal for skull reconstruction surgery.

The Computer as Surgeon

Models Help Doctors With Delicate Skull Operation

By Elisabeth Rosenthal
New York Times Service

NEW YORK — One day last week, Dr. Craig D. Hall contemplated 7-month-old Lillian Doyle's misshapen skull as it rotated slowly on the screen.

He studied the protruding bone on the right side of the forehead, which gave the face a lopsided tilt. He pondered a large, flat patch at the back of her head, a birth defect normally hidden by a shock of strawberry blonde hair.

Sitting in a crisp suit before the computer, Dr. Hall was planning strategy for the complex and messy operation he would perform the next day to refashion the infant's skull. "In the operating room once I make cuts, I have to use them," said Dr. Hall, a plastic surgeon at Montefiore Medical Center in New York. "But here I try things and if it doesn't work I push a button, trash it and start over. It's a great design tool."

Computer models in three dimensions now allow surgeons to plan and even simulate complicated reconstructive operations of the head, leading to shorter, safer surgery and dramatically improved results.

The eerily lifelike pictures that computers can project let the surgeon peer into the skull, pinpoint and measure defects, and construct models of the piece of bone necessary to fill any gaps. On the screen, the surgeon can even test spare parts for fit.

IN the past, reconstructive surgeons had to be masters of improvisation, borrowing bits of bone and cartilage ad lib from other parts of the body in the operating room to reshape a skull or recreate a shattered jaw.

In some cases, instructions can be sent from the computer directly to a lathe that, for example, fashions a perfectly fitting plate for a skull defect or a synthetic piece for a damaged cheekbone.

"Many people don't have good enough 3-D perspective to carve freehand in the operating room," said Dr. Elvin Zook, chief of plastic surgery at the Southern Illinois School of Medicine in Springfield.

The technique lets surgeons perform operations that would otherwise lie beyond their skill, said Dr. Zook, who has been using a simulator for two years.

The computer stacks dozens of horizontal slices from two-dimensional CAT scans so as to build up a three-dimensional bust of the subject's skull. The image can then be turned and twisted for inspection simply by giving commands to the computer.

Until now, such simulations have usually had to be run on huge computers that were prohibitively expensive for most operations and awkward for surgeons to manipulate.

In Lillian Doyle's case, these images aided both in diagnosis and treatment.

Lillian's parents, Laurence and Sharie Doyle of Parlin, New Jersey, had noticed that her forehead looked crooked when she was 4 months old. Since then, surgeons at more than half a dozen hospitals had offered as many opinions about which bones were defective. "We kept a scoreboard at home to help us decide what to do," Mr. Doyle said. The computer helped resolve the issue.

In infancy, the skull is composed of half a dozen plates of bone connected edge to edge at long supple junctions called sutures. These flexible junctions allow for the young brain's rapid growth, and they disappear as the bony plates fuse, late in the first year of life.

But in some infants, like Lillian Doyle, one or more of the sutures close too early. The expanding brain presses uselessly against the abnormally rigid skull, and when it cannot make progress in one direction, it expands in another area where the skull still can give.

The result is often a second serious deformity, like the bulge in Lillian's forehead, that is sure to get worse if the flat skull in the back is not corrected.

To calculate how Dr. Hall would expand the flattened portion of the infant's head, Mr. Acker flipped an image of her normal left skull over to serve as a model.

Working on the life-size image, Dr. Hall calculated the exact curvature of the strut he would have to create so as to enlarge the back of the skull to the normal shape. He later fashioned a lead template of the curve to use in the operating room.

Last Thursday in the operating room, Dr. Hall's computer reconnaissance paid off as every step of the surgery went almost exactly according to plan.

Dr. Hall and Dr. James Tate Goodrich, a neurosurgeon, cut from ear to ear just behind Lillian's hairline. They peeled back the infant's scalp, revealing a broad flat patch of dull white skull traversed by thick, squiggly, solid red ridge — the suture that had fused.

On either side were series of tiny holes, bored by the relentless pressure of the growing brain pushing underneath.

ETCHING the measurements with a delicate drill, the surgeons lifted off a three-inch oval of flattened skull, revealing the surface of the brain beneath.

Dr. Hall then slid his precious lead template across the remainder of the infant's skull, and found a small region with just the right curve on the side of the head.

From this area, he cut out a strip of eggshell-thin skull, a half-inch wide, and wired it into place, arching over the open wound. There it served as the strut to define the new limits of Lillian's skull. In the next three weeks, the organ would expand to fill the void.

"Once you have the right curve, you're home free," Dr. Hall said, obviously buoyed by the success of the near-perfect fit. With the critical arch in place, Dr. Hall used pieces of the flat skull that had been removed to fill in the remaining roof, fitting one to another, like a rough jigsaw puzzle.

The small gaps that remained between would allow for some adjustment in the brain's growth and fill in with bone in the months ahead.

When, half an hour later, he drew the scalp over the skull like a glove, the two sides were a perfect match, just as nature had originally planned.

The New Cuisine in Cancer Fight

By Jane E. Brody
New York Times Service

ROCKVILLE, Maryland — If an unusual "designer foods" project under way at the National Cancer Institute here achieves its goals, the label on orange juice might someday read: "Fortified with plant-derived limonoids, monoterpenes, carotenoids and phenolic glycosides to help prevent cancer."

Other novel cancer-fighting ingredients from plants that could find their way into foods include indoles from cabbage and broccoli (to curb estrogens), sterols from cucumber (to enhance cholesterol excretion), the polyacetylenes of parsley (to block synthesis of harmful prostaglandins and disarm the potent carcinogen benzopyrene), quinones from rosemary (to make the body produce detoxifying enzymes) and isoflavones from legumes (to inactivate cancer-gene enzymes).

The idea, according to Dr. Herbert Pierson, a toxicologist at the institute, is to raise the cancer-fighting potential of the diet by formulating foods enriched with protective substances already found naturally in many fruits, vegetables, grains, herbs and spices. Instead of having to eat 20 oranges a day to get optimal benefits from the protective substances found in some citrus fruits, for example, a person might get it all from eight ounces of a specially formulated juice.

"If science can identify substances in plants that help prevent cancer, and if they are safe and naturally occurring, why not take advantage of what nature put in foods to begin with?" remarked Bonnie Liebman, director of nutrition for the Center for Science in the Public Interest, a Washington consumer group. "We could create foods that would give even further help to people who are already eating a healthful diet."

The potential value of the $20 million program is underscored by recent findings in several countries showing that people who eat the most fruits and vegetables have the lowest death rates from many common types of cancer, including those of the lung, breast, prostate and colon. For example, at an international meeting on cancer prevention at the National Institutes of Health last week, Dr. Takeshi Hirayama, director of the Institute of Preventive Oncology in Japan, reported that those Japanese who consumed the fewest vegetables had the highest risk of developing cancers of the lung, colon and cervix. He also said that those who were otherwise at high risk for cancer were relatively protected if they ate lots of green and yellow vegetables.

Women who are at high risk for breast cancer might be given foods enhanced by indole alkaloids like broccoli.

Yet, for all the admonitions to eat more fresh fruits and vegetables, most Americans still do not consume anywhere near the recommended amount of two servings of fruit and three servings of vegetables daily. In the most recently available surveys from the early and mid-1980s, only 9 percent of Americans reported having consumed this amount in the previous 24 hours. Almost half said they had consumed no fruit or juice at all, and 11 percent said they ate no fruit or vegetables at all.

Dr. Pierson said the food industry was keenly interested in the designer foods project. He pointed to an eight-inch stack of telephone messages, mostly from industry officials, and said that many companies had expressed willingness to work with the cancer institute in developing foods that could be tested in people who face a high risk of developing cancer. Such foods could range from pizza seasoned with cancer-fighting garlic extracts to vegetable juice enriched with tomatoes that have a high content of antioxidants. Antioxidants are chemicals that can block the formation of carcinogens.

For example, women who are at especially high risk of developing breast cancer might be given foods enhanced by indole alkaloids from vegetables like cabbage and broccoli. These plant-derived substances can disarm tumor-promoting estrogens.

Many of the plant chemicals being singled out for intensive study by the nation's leading cancer research institution are already popular in traditional and herbal medicine, especially in China and Japan, where some have been used since ancient times. The Japanese, for example, use garlic and garlic extracts to lower blood pressure and serum cholesterol and are studying garlic's role in preventing cancer. Garlic includes sulfur compounds, Dr. Pierson noted, which can block the action of certain carcinogens and encourage precancerous cells to return to their normal state.

IT has also recently been found that green tea, a popular beverage in Eastern Asia, is rich in antioxidants that block the action of carcinogens. Dr. Pierson envisioned adding citrus terpenes and flavonoids to such a tea to transform it into a potent cancer-preventing beverage.

But Dr. Pierson is most excited about licorice root triterpenoids, substances that can attack the cancer process from even more angles than garlic. The licorice chemicals disrupt the multiplication of rapidly dividing cells, like cancer cells; inhibit the synthesis of tumor-promoting prostaglandins; block the action of estrogens that promote cancers of the breast and uterus, and induce precancerous cells to revert into normal cells.

The designer foods program, the brainchild of Dr. Pierson, grew out of a wealth of studies and observations throughout the world that have found links between eating certain plant foods and lessened risk of various cancers. Dr. Pierson, who was trained as a pharmacognosist (a student of plant-derived medicines), said he collected hundreds of references in medical literature in support of the program.

IN BRIEF

Wine in Crystal Containers May Mix Too Well With Lead

NEW YORK (NYT) — A recent study reported that wine and spirits can leach lead from crystal, and the Food and Drug Administration is recommending that people rethink the way they use lead crystal containers for food and beverages. Lead can damage the nervous system, the kidneys and bone marrow.

In the study, published in The Lancet, the British medical journal, Dr. Joseph H. Graziano and Dr. Conrad Blum at Columbia University found that tiny amounts of lead begin to migrate to wine from crystal ware within minutes of contact, and after four months of storage in some, but not all, crystal decanters, the lead levels ranged from 2,162 to 5,333 micrograms per liter.

The U.S. limit for lead in drinking water is 50 micrograms per liter. FDA recommendations are that occasional, but not daily, use of lead crystal is all right, and that children and women of childbearing age should not use crystal.

Gain Is Reported In Search For Gene Linked to Diabetes

CHICAGO (AP) — Researchers report that they have narrowed the location of a gene they say causes a common form of diabetes, a breakthrough that could lead to early identification and treatment of the disease. The gene is believed to cause adult-onset diabetes, also called non-insulin dependent or Type 2 diabetes. Of the estimated 14 million diabetics in the United States, 90 percent suffer from this type, usually developing it after age 40.

In a report in the Proceedings of the National Academy of Sciences, one of the researchers, Graeme Bell of the University of Chicago, said the gene was tracked to the long arm of chromosome 20. "We have the neighborhood for the gene, but we don't have the address," he said.

Fish Believed to Be Extinct Found Alive Near Old Home

NEW YORK (NYT) — A rare fish species that was believed to be extinct for 20 years has been rediscovered in a pond near the dried lake bed in Mexico where it once flourished. The species, opal allotoca, dates back to before the last ice age and was believed to have existed only in Lake Magdalena, a landlocked lake in an arid region 100 miles west of Guadalajara.

The lake dried up in 1970 because nearby residents used the water faster than it was replaced.

HEALTH Q&A

I am going to the Far East on sabbatical and have been told to beware of arboviruses. What are they and what precautions should I take?

Arboviruses (short for arthropod-borne viruses), a diverse group of viruses that are spread by arthropods or insects (particularly ticks, mosquitos and flies).

Some of the typical arboviruses in the Far East include yellow fever, dengue fever (which causes as much illness as all other arboviruses combined) and Japanese encephalitis. While vaccinations exist for these ailments and should be part of your pre-trip regime, prevention of arboviruses (through avoidance of insect bites) remains the keystone.

□

Returning from Central Africa, where I was a Peace Corps volunteer, I was afflicted with a maggot infestation. Tell me more.

Maggots is a general term for the larvae of certain flies, the infestation of which is called myasis. These larvae, while awaiting metamorphosis into typical adult form, are capable of burrowing under the skin and in nasal passages.

In parts of Africa, tumbu flies lay their eggs on clothing (especially while the garments are drying on the line or ground). The eggs begin to mature on contact with human skin and the larvae begin their burrowing, which produces a characteristic boil.

You can prevent this unpleasant nuisance by using a hot iron to press the clothing, destroying the eggs, and hanging the clothes in a fly-proof environment.

□

I am an American in France, where I cannot find my medication (Tinactin) for athlete's foot. What are reasonable substitutes?

Athlete's foot (*tinea pedis*) is a common fungal infection caused by the organism trichophyton, present on the feet of most adults most of the time. Certain people (such as diabetics) are more susceptible to it than others.

Tinactin is the brand name for tolnaftate, the active antifungal agent in the French drugs Sporiline or Nysporil. Other anti-fungal agents available with a prescription include griseofulvin (the French counterpart is Griséfuline, available in oral and topical preparations) and mycostatin (nystatine).

Moreover, French pharmacists can make up an anti-fungal soak solution of either aluminum subacetate or potassium permanganate. If your foot problem resists these measures, see a French dermatologist to rule out eczema, psoriasis, scabies and intertrigo.

Michael McGannon, M.D., will answer questions from readers every other Thursday. Please write to him at the International Herald Tribune, 181 Avenue Charles de Gaulle, Neuilly 92521, France.

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Solution to Previous Puzzle

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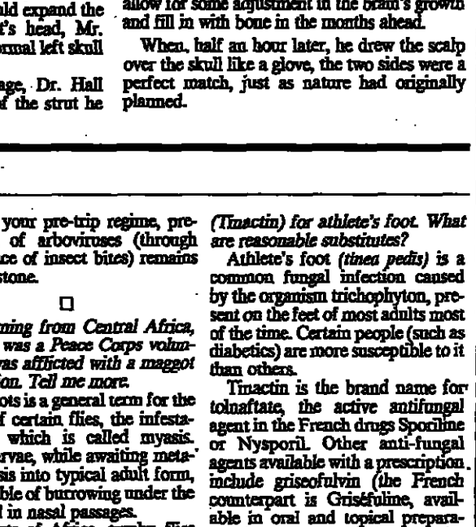

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OPINION

Tough Terms for Peace

The Gulf crisis has now reached what strategists like to call a defining moment. Allied military success has driven Baghdad to send out its first, heavily hedged feelers for peace. Peace is the allied objective, too. But not to the extent of hunging for a desperate foe's first offer. Even less did it require signing on to a mediator's proposal even before Iraqi President Saddam Hussein had given his response.

Soviet President Mikhail Gorbachev deserves credit for his constructive attempt at mediation. But President George Bush was right to respond that Mr. Gorbachev's proposal fell "well short of what would be required" to end the crisis.

The confidential proposal reportedly consisted of Soviet assurances that if Iraq withdrew from Kuwait without preconditions, Moscow would uphold Iraqi sovereignty and seek immunity for Saddam. The Soviets were also said to have offered to seek an end to United Nations sanctions, and diplomatic action on other Middle East issues. Those terms might satisfy Moscow's interests, but, alone, they could not answer America's reasonable concerns.

A satisfactory end to the crisis requires, first of all, Iraq's unconditional agreement to withdraw from Kuwait and to respect that country's future sovereignty. It also requires firm international agreements to prevent Iraq from acquiring once more, through recklessly unregulated international arms transfers, a regionally threatening arsenal. And it requires permanent military arrangements to contain Iraq within internationally recognized borders.

New elements have been added to the peace equation since Aug. 2, when the Security Council adopted Resolution 660. For more than six months Saddam has defied the United Nations. He has inflicted grave damage on Kuwait and launched damaging attacks against Saudi Arabia and Israel.

Why has he now come to contemplate an Iraqi withdrawal from Kuwait? Only because the United States and its allies have, at great cost, demonstrated their ability to press the conflict toward a decisive military conclusion. Given that relentless military pressure, Saddam has few real choices remaining. All he has left to negotiate are the details of withdrawal and the terms of the postwar controls to be installed to guarantee the peace.

Iraq will have to renounce all territorial ambitions against Kuwait and other neighbors. It will have to accept tough restrictions on future arms acquisition and agree to on-site inspection of its remaining stockpiles of mass-destruction weapons.

The allies, Moscow included, will have to agree to some form of continuing arms embargo against Iraq. A permanent multinational peacekeeping force will need to be formed, ideally made up of contingents from allied Arab forces. Only then can military pressure be safely relaxed and most outside forces withdrawn.

Securing these terms by political means would best serve all parties to the conflict. No one wants the horrors of a ground war — if it can be decently avoided. No one has any interest in further destabilizing a dangerous region by creating a power vacuum or an overly dependent Iraq. Moscow, which has consistently supported United Nations efforts, is understandably nervous about radical changes along its sensitive southern frontier.

Yet no one wants to have to repeat the exertions of the last six months in a few years because of a hasty and incomplete settlement. The same question can be asked about peace that it is reasonable to ask about ground war: What's the rush? More than a cease-fire and Iraqi withdrawal, peace requires continued international containment of a still dangerous Iraq, especially if Saddam survives in power. The prudent course is to maintain military pressure until such a settlement is achieved.

— THE NEW YORK TIMES.

Limiting Carbon Dioxide

Cautiously but unequivocally, the United States has committed itself to negotiating a worldwide agreement limiting emissions of carbon dioxide. The nature of that limit is still unclear, but it will affect all combustion of fossil fuels. Most of the world's governments have become deeply concerned about the prospect that the Earth will grow steadily warmer as the density of carbon dioxide rises in the atmosphere. More than 100 countries were represented at the recent conference at Chantilly, Virginia, that began work on the agreement. If the United States had refused to support it, the whole effort would have collapsed there. But, as it turns out, the world is embarked on its first serious effort to get control of the greenhouse effect.

For itself, the United States has pledged to hold its emissions of the greenhouse gases in the year 2000 to the levels of 1987 or lower. That ought not be hard. Michael R. Deland, chairman of the White House Council on Environmental Quality, pointed out that the country's contributions of carbon dioxide have been stable over the past 15 years while the economy has grown by more than 50 percent.

No one really knows what it would cost to make substantial reductions. That was one of the reasons the administration until now had shied away from all talk of carbon dioxide limits. Reputable estimates of costs run all the way from very high figures to claims of net benefits produced by rising fuel efficiency. And yet among all the uncertainties there are two things that are clear beyond any reasonable doubt.

While it cannot be proved that the greenhouse effect has already begun to change the Earth's climate, it will certainly do so if the world continues to pour into its atmosphere the present volume of greenhouse gases, of which carbon dioxide is the most important.

Second, there can be very long lags between the causes and the effects of climate change. Ocean temperatures, for example, respond only slowly to changes in air temperature. Congress's Office of Technology Assessment recently observed that stabilizing the present output of greenhouse gases would not go nearly far enough to stabilize the climate. That would require huge cuts, perhaps as much as 80 percent, in the current emissions of the industrial countries.

By finally deciding to support a world agreement, the Bush administration has taken a prudent and necessary first step to protect the climate. A great deal now depends on the next decision — whether and how much to cut the present production of the greenhouse gases.

— THE WASHINGTON POST.

Not the American Way

It is saddening when even a few Americans use the flag as a license for persecution. "Persecution" is the word that best captures the trials of Marco Lokar, an Italian citizen who was forced to withdraw from college and was hounded out of the United States for refusing to wear an American flag on his basketball uniform.

Mr. Lokar played basketball for Seton Hall University. The New Jersey school, like most others, issued the flag patches that have become ubiquitous on players' uniforms these days as a gesture of support for allied efforts in the Gulf. Mr. Lokar refused to wear the flag because, he said, his faith forbids him to support any war. He turned down the Italian flag as well, arguing that it, too, would violate his beliefs.

The U.S. Constitution guarantees the right of dissent. Just last year the Supreme Court rebuffed those who tried to set the flag above the Constitution, sharply criticizing the president and members of Congress "who seem to advocate compulsory worship of the flag even by individuals whom it offends."

False patriots do not see things the Constitution's way. They harassed Mr. Lokar on the basketball court and threatened his family relentlessly by telephone. Fearful for his own safety and that of his wife and the unborn child she carries, he quit Seton Hall and announced that he was taking his wife back to Trieste.

The dark patriotism to which Mr. Lokar was subjected is a troubling reminder of other efforts to extort conformity in a nation built on free speech and diversity. Although Mr. Lokar was persecuted by a rabid few, he is due an apology from all Americans who love freedom.

— THE NEW YORK TIMES.

Other Comment

No Negotiating With Saddam

Many Western politicians and analysts anticipated that, at the 11th hour before the ground offensive, Saddam would suddenly express willingness to talk about withdrawal from Kuwait. The diplomatic situation remains confused, because the details of the Soviet peace proposals remain secret. But one does not need to be an advocate of Communist conspiracy theories to harbor deep doubts about Mr. Gorbachev's motives. The Soviet leader is well nigh politically bankrupt at home and abroad. He is desperate to prop up the tottering system of which he is the pinnacle. He is under immense pressure to reassert Moscow's influence in the Middle East, and above all to deny the United States hegemony in the region.

The allies find themselves in some difficulties diplomatically as a result of the divide between their public objective, the liberation of Kuwait, and their private one, the destruction of Saddam's regime. They have made too little of the clause in UN Resolution 678 which relates to restoring "international peace and security in the region." It is hard to see how the region can be peaceful and secure, and still contain Saddam.

Saddam is considering retreat only because his armies are on the verge of catastrophe as a result of the air campaign. There is no reason whatever for the allies to offer or countenance any face-saving gesture to Iraq. There can be no negotiations with Saddam, and thus no cease-fire while such talks take place.

— The Daily Telegraph (London).

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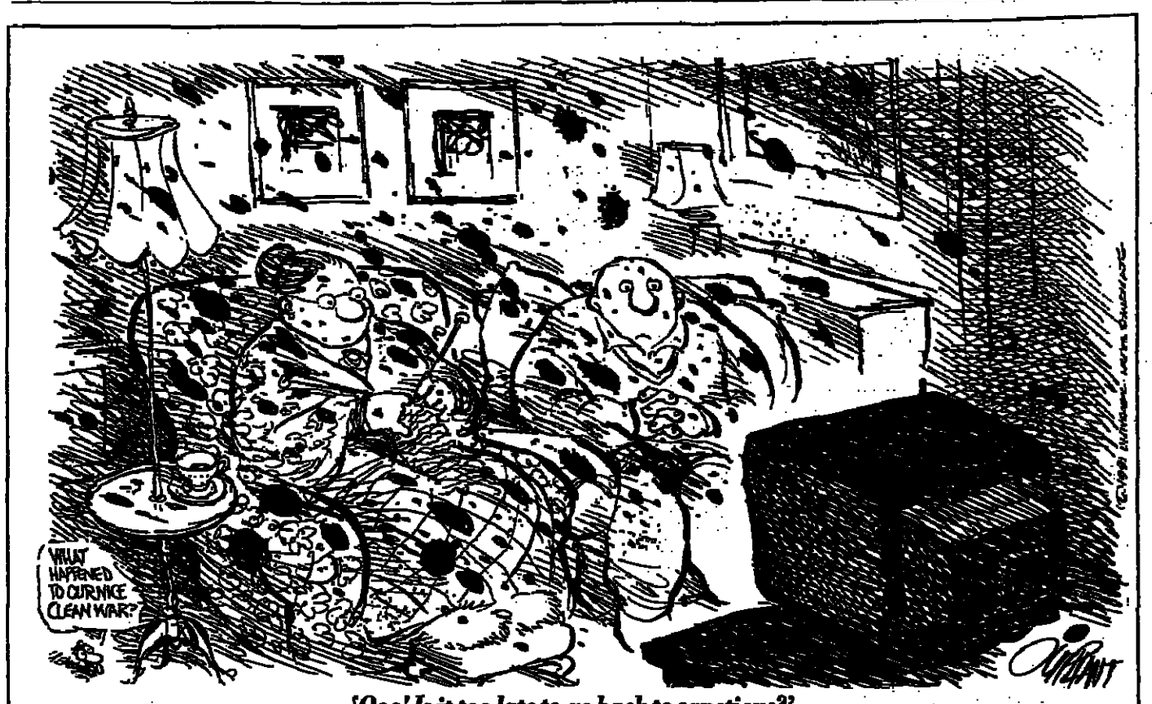


'Ooo! Is it too late to go back to sanctions?'

Gorbachev: The Strongman Is Playing for Time

By Jerry Hough

This is the second of two articles.

WASHINGTON — Hasn't Mikhail Gorbachev sacrificed all his liberal support and come to rely on the army and reactionaries to a fatal degree? The answer is an unequivocal no. He is cracking down not because of right-wing pressure but to regain public popularity.

It was his apparent connection with the radicals and the public perception that he was weak that drove his poll ratings down. He is showing the "teeth of iron" that the public wants. He is wrapping himself in the flag of national unity and jettisoning his liberal advisers as scapegoats for the disorder of 1990.

The radical reformers are doing no better in the polls than Mr. Gorbachev. A crucial by-election was held on Nov. 25 for a vacancy for the Russian parliament in Moscow, the center of radical support. Only 30 percent of the electorate turned out, and only 30 percent of those voters supported A. N. Murashev, a leader of the Yeltsin group. If a revolutionary upsurge were occurring, as it was in the summer and fall of 1917, the result would have been very different.

Mr. Gorbachev has an overwhelming majority in the Soviet Congress of People's Deputies and the Supreme Soviet, as well as a working majority in the Russian parliament. His vast presidential powers put the entire "administrative-command system" — the vaunted bureaucracy — at his disposal. Some lack of power!

The only question is whether Mikhail Gorbachev will survive — whether there will be revolution or a coup d'état in the next few years.

Now that the Central Committee cannot remove him, only two groups can — the military, and Russians between the ages of 15 and 22. Mass revolution is a young man's game.

The military has every reason to support Mr. Gorbachev. It fears the breakup of the Soviet Union and is more frightened of Islamic fundamentalism than of the tiny Baltic republics. In the long run it fears China. In response to the argument that Mr. Gorbachev has given away Eastern Europe, it can be said that he has broken up NATO as a significant military force and brought the United States into alliance against the short-term and long-term dangers from the south.

In addition, the Pentagon solidified Soviet military support for economic reform by showing America's top military technology to visiting Soviet generals. The purpose was to persuade the Soviet military that it could not defeat the United States, but a side effect was to convince the military that drastic improvement of civilian high-technology industries such as computers and electronics was vital for defense.

As to young potential revolutionaries, what is their actual mood? Ask Russian friends if their college students are ready to face tanks and they look at you as if you are crazy. The students, they will tell you, are politically passive and getting ready to make money in the new cooperatives.

This is the crucial point for outsiders to understand. Soviet citizens over 50 have every reason to be terrified that the inflation associated with economic reform will wipe out their unindexed pensions. By contrast, the youth — at least the ambitious and talented youth capable of organizing opposition — will benefit enormously from economic reform. They will get — they are getting — a real chance at real privilege.

The middle-aged are dangerous in elections, but only the young are dangerous in the streets. So economic reform is not a cause of revolution but the antidote against it. The only way Mr. Gorbachev could provoke a revolt would be to throttle economic reform and frustrate the only "dangerous" group in society. There is no evidence that he is so stupid.

By all indications, his strategy is to satisfy the Russians, including the military, by keeping the Union together — but ultimately to tell the Russians that decentralization is necessary for social peace. He will push ahead with economic reform, and he will continue to keep his electoral opponents pushing for greater market freedom so that he can command the center.

Legislative elections are due in 1994 and presidential elections in 1995. Mr. Gorbachev wants to be able to say in 1994 and 1995, "Remember how bad 1990 was? You gave me great powers. Are you better off than four years ago?" He wants the memories of 1990 to be as exaggerated as possible, and he wants his electoral opponents to be identified with extreme measures — especially the breakup of the U.S.S.R.

My belief is that Mr. Gorbachev's position will be very strong in the mid-1990s; the agricultural and services reform that worked in China and Hungary should work in the Soviet Union. Industrial reform will be much more difficult, but that is not Mr. Gorbachev's immediate worry.

Of course, if he cannot show results before 1995, all bets are off. But a good deal can happen before then.

It is often said that the Soviet Union is a Third World country. Let us then treat the Soviet Union like a normal Third World country. The West has good economic relations with authoritarian Singapore, South Korea, Mexico and Taiwan. Americans need to see the Soviet president — and their own interests — with clear eyes.

The writer directs Duke University's Center on East-West Trade, Investment Communications, and is a senior fellow at the Brookings Institution. He contributed this comment to The Washington Post.

Germany: Join the Democracies on Assignment

By Robert B. Goldmann

NEW YORK — Fifty years ago, a year after my family came to America as refugees from Nazi Germany, my parents and I were fretting: How long would it take for the United States to get into the war and help Britain, which was holding out alone against Hitler? Today, people in the countries allied in the Gulf war have been impatient, even angry that Germany is so reluctant to play its part against a dictator who manifests some of the same inhuman characteristics as the Führer.

What a reversal of roles! The irony becomes even more stunning when one looks at the parallel reasons for the two countries' aloofness.

In the '30s and through 1941, a combination of forces and groups in the United States resisted the efforts of Franklin Roosevelt to lead the country into a more active role against the Nazis. Isolationists prayed at the altar of "non-entanglement," a doctrine they interpreted as all-encompassing, no matter what the threat across the seas might be. German-Americans did not want to believe that the government of their country of origin could be as savage as it was being portrayed. Pacifists opposed war as a matter of faith and principle.

In Germany today, the equivalent of the American isolationists of the '30s are those who, says Eckhard Fuhr in the Frankfurter Allgemeine Zeitung, "are drifting into political isolation, with a federal government that is ... indecisive and an opposition that ... is trying to outdo the government in talkative passivity."

Mr. Fuhr may be a bit too hard on the government, which is trying to coax the country into more active involvement, but he reaches a conclusion that thoughtful people in the government and the media agree on: "The Germans must bid good-bye to their policy of 'collective self-centeredness.' They must no longer find excuses for staying out of things because of the traumas of their history, or do nothing because they are too busy feeling guilty about their past. It is hard to give up such habits, as always when one has to stop being comfortable."

Major elements of the Social Democratic Party and the Greens might be compared to those in America in the '30s who wanted to see a rationale behind Hitler's drive of conquest: a search for restored confidence after the "humiliation" of the Versailles treaty, a response to deep feelings of injustice and helplessness, and the failure of America, along with Britain and France, to understand those feelings.

German demonstrators today echo the propaganda slogans of Third World countries: against Western "domination," against American "imperialism." They draw analogies between the *Amerika* of Vietnam and the U.S. role in the Gulf today.

Amos Oz, the Israeli author and leader of Peace Now, focused on this issue in a recent interview, speaking of the "anti-Americanism of some sectors of the European peace movement, and especially in Germany."

Mr. Oz said: "I think that Europe views the Third World in a theological context. In this mind-set, the Third World is good in absolute terms ... while the world of Europe and North America is the coalition of bad people, with the United States as the devil. This is theology, not politics. I have never heard of a demonstration in Germany or elsewhere in Europe against human rights crimes committed by a Third World country."

Peace, in such theology, becomes an absolute good. When the word is spoken, further discussion is shut off. Those who try to respond "Yes, but" have no chance. By the time Saddam Hussein is mentioned, the other side has turned off, just as the rationalizers of the '30s did in arguments about Hitler and Nazism.

The most important parallel is that, once again, most of the people who oppose involvement are decent and well-intentioned. But understanding or sympathizing with their motives begs the policy question. The "Yes, but" folks were right in the '30s, and German public opinion polls today show that most Germans now support the war against Saddam Hussein.

With this in mind, and with the bitter and terribly costly lessons of the '30s and '40s serving as a warning, the German government has solid grounds on which to base a policy of involvement. It also has a superb opportunity to fill a "huge hole in the center of Europe," as a recent New York Times editorial put it. This is an opportunity not unlike the one offered by the political circumstances that Chancellor Helmut Kohl exploited to lead the country to reunification.

Now the challenge is to lead the newly reunified Germany into the kind of active and constructive participation in world affairs that its economic and social strength and the deeply etched lessons of the past cry out for. It is an opportunity to put an end to the sad irony of the parallel with the United States of the '30s, to break the spell of comfortable isolation from world affairs — to join with America and the other allies not just in Europe but wherever the common interests of free and democratic countries call for resolute action.

In his policy statement of Jan. 23, Chancellor Kohl spelled out the task: "The allies ... led by the United States are engaged in an assignment given to them by the community of nations: to fight against an unscrupulous dictator so that all of us, including us Germans, may live in a more peaceful world tomorrow." What should follow are actions by Germany that help achieve this objective.

The writer, European representative of the Anti-Defamation League of B'nai B'rith, contributed this comment to the International Herald Tribune.

Why This Communion With the Iraqis?

By Wolfgang Pohrt

STUTTGART — Last summer, after Germany had won soccer's World Cup, the citizens of some German cities, feeling belligerent and intoxicated with victory, vented their exuberance on available blacks, Asians or other foreigners. In the months that followed, a wave of violence swept the land. But suddenly, Germans are acting as if their hearts break any time anyone so much as gets his hair messed up, anywhere.

They plead tearfully (in the face of astonished world opinion) that no one should use force to disarm the Iraqi dictator, who they believe is relying purely on local experts and materials to achieve in Israel the work the Germans began with the Jews of Europe.

Could it be that the Germans long for the destruction of the state whose existence reminds them of their unatoned crimes? Or do they fear for Israel, the way a man arrested for attempted murder trembles for the life of his badly wounded victim, knowing that the other's death will also mean his own?

That there was deep turbulence in the collective consciousness had become clear in the bout of post-reunification depression in the weeks after Oct. 3. The help-the-Soviets-through-the-winter orgy — a campaign carried out up to Christmas under the banner of "A Heart for Russia" — would seem to be a repetition of that phenomenon, although this simple explanation is far from adequate.

When the allied forces, under U.S. and British leadership, finally began bombing Iraq, German citizens behaved as if possessed by the ghosts of their ancestors, as if a time machine had turned history back by 45 years.

The leader of the opposition said he felt "speechless with horror," and Chancellor Helmut Kohl expressed "deep consternation." His speech on the Gulf sounded as if Admiral Dönitz himself had risen from the dead to ready the Germans for their end: "Our nation is prepared for this situation," he said. "Let no one be incited to rash actions."

As if the U.S. Army were still encamped on the Rhine and the Red Army on the Elbe, the Social Democrats, among others, call for massive capitulation, for a display of "white cloths in windows, white flags on cars, white armbands and headbands." Pensioners live in fear that life-threatening clouds of poisonous gas will waft their way to Germany from the battlefields. Perhaps they feel deep inside that the bombs raining on Iraq should, on moral grounds, strike the suppliers, as well as the possessors, of poison gas.

Perhaps reunification has led many people, particularly on the left, to begin thinking thoughts that so far only the radical right has had the temerity to utter out loud: One 17-year-old who wants to fight as a volunteer for Saddam Hussein said he saw "a unique historical opportunity to help a small country that is being attacked and destroyed by the same powers that left our German Reich in rubble and ashes."

And what is unquestioning pacifism in today's Germany if not the resentment of those people who blame the world's policeman, the United States, for waging a war that prevented their elders from peacefully carrying out the murders at Auschwitz?

The answer is one that people do not want to think about. Does the identification of Germans with the Iraqis mean that that distant land is to them a model to be emulated? Are Baghdad's ambitions ones which the Germans still do not quite recognize as being their own[illegible] all [illegible]

some wars, against some dictators, are unavoidable.

Question upon question arises, especially since irrational pacificism can turn so abruptly into irrational militarism. Are those who cry loudest for peace today, after all, not also those who in an earlier time bellowed so fervently: "Victory in the People's War! Weapons for the Vietcong! Arms for Nicaragua! Long live the struggle of the PLO!"

The writer is a German social scientist whose articles appear in the left-wing journal Konkret. He contributed this comment, which was translated by Brian Knowlton, to the International Herald Tribune.

Don't Let Saddam Off The Hook

By Leslie H. Gelb

NEW YORK — Moscow is trying to do to America in 1991 what Washington did to Britain and France in 1956. Those U.S. allies did not have the power to rebuff U.S. demands for a cease-fire in the war against Gamal Abdel Nasser's Egypt. Today America can resist Soviet pressures, and apparently has — and should.

Dwight Eisenhower and John Foster Dulles prevented their allies from gaining a clear-cut military success and capitalizing on it. The Egyptian was thus salvaged as an Arab champion, and he transformed imminent military defeat into political victory.

George Bush is rightly reluctant to surrender his decisive military advantages in return for a muddy political settlement. Mikhail Gorbachev's proposal would require Iraq's withdrawal from Kuwait, but it would also unacceptably preserve Iraq's existing military power and protect Saddam Hussein's political position.

The parallels between the Suez and Gulf crises are by no means exact, yet they are remarkable.

After a series of U.S. diplomatic blunders, President Nasser nationalized the Suez Canal. Britain and France argued that this threatened their vital oil link to the Gulf. They conceived a plan for Israel to attack Egypt and for them to intervene between the combatants as a cover to topple the Egyptian leader.

President Eisenhower recounted a letter from Prime Minister Anthony Eden equating "any exercise of allied restraint and patience to the arguments that had prevailed during the rise of Hitler during the years prior to 1939" and arguing that President Nasser's plan was to expand his power until he could "hold the Western world for ransom." Mr. Dulles maintained that European worries about being denied oil were "exaggerated."

Ike rejected the Hitler analogy and argued that Nasser was an Arab nationalist who symbolized "the desire for slapping the white man down." He and Mr. Dulles couched their public statements in the language of anti-colonialism and international law.

But what they really worried about was Moscow's exploitation of Arab nationalism to entrench itself in the Middle East. When push came to shove, they posed as defenders of Arab nationalism and forsook their allies to achieve the larger goal of containing communism. Through the United Nations, they forced their allies into an immediate cease-fire and an unconditional withdrawal.

Had the allies and Israel been given time for military victory, and had they and Washington followed up with offers to mediate Arab-Israeli conflicts and promote economic development, the Middle East might have been spared its tempestuous future.

Now the Soviets say they want both to prevent further bloodshed and the political upheavals that might attend a bloody end to the Gulf war and to remove Iraq from Kuwait. Those aims coincide with Washington's. But Moscow also seeks to enhance its role in the region by trying to limit sharply what the United States and its allies can demand of Saddam Hussein.

Mr. Gorbachev keeps faith with Mr. Bush by pressing for immediate and unconditional Iraqi departure from Kuwait. But apparently he would allow Iraq to leave with all its arms and thus permit Baghdad to remain an imminent threat to its neighbors.

Mr. Gorbachev's proposal also apparently calls for the partial lifting of the UN economic embargo. This would do nothing to guard against a renewed long-term threat from Iraq.

After a cease-fire, the sanctions represent the coalition's only instrument to ensure that Baghdad will have to destroy its nuclear, chemical and biological facilities and stockpiles. It is the only tool to make more difficult Iraq's manufacture and purchase of better long-range missiles.

The point here is not that Mr. Bush should appear bloodthirsty and reject the Soviet ideas out of hand. Rather he should do what he apparently has done: privately press Moscow to demand much more of Baghdad.

Nor is the point that he should immediately launch a ground attack. The games now being played by Moscow, Tehran and Baghdad demonstrate the effectiveness of the current effort to bomb supply lines and troops and continue the blockade.

At the last Middle East crossroads, at Suez, Washington failed to fathom the clarifying effects of decisive victory and thereby missed an irretrievable opportunity to work for lasting security. For all the flak he may take, Mr. Bush sensibly seems to be avoiding that same mistake.

The New York Times.

100, 75 AND 50 YEARS AGO

1891: Parrot Fever

PARIS — It appears that parrots are actively engaged in disseminating fatal diseases. Recently two parrots were brought from South America to Lyons. In a short time they conveyed the germs of yellow fever to a number of persons, several of whom have since died. In South America the very language is impregnated with yellow fever, hence a parrot who has learned Spanish in that country is almost certain to convey the disease to everyone within hearing whenever he begins to speak Spanish. A deaf-and-dumb parrot might be kept with comparative safety.

1916: Too Many Letters

PARIS — General Gallieni, the French Minister of War, has issued an important circular to the French regional commanders forbidding letters of recommendation to be sent to the military authorities. This is to prevent the latter from being pestered from persons who urge the claims of their proteges to be withdrawn from the front or to be accorded some other privilege to which they have no legitimate title. However, the military are instructed to carefully examine letters which draw attention to alleged abuses or deficiencies in any service.

1941: Planes to Pacific

WASHINGTON — American air forces in the Pacific are to be reinforced immediately in view of the greatly increased tension in the Far East. The plan is to send modern Army bombers to Army air bases in the Pacific, especially to Hawaii and the Phillipines. General Marshall, Chief of Staff of the Army, told Senators that the Army had to be "ready for anything." The number of planes to be sent was not disclosed, but Senators were under the impression it was less than 100.

— From the New York edition of the New York Herald Tribune.

هكذا من الاصل

OPINION

Talking to Islam: We Need To Meet the New Thinkers

By Flora Lewis

PARIS — Saddam Hussein is doing all he can to turn a war about international resistance to aggression into a war about Arabs versus the West, the faithful versus the infidels. He is having some success. A whole medley of angers and frustrations has been composed, often irrationally (but this is about emotions), to forge a sense of unity and solidarity of the aggrieved. President Turgut Ozal of Turkey has warned of forces seeking to revive the long conflict between Islam and Christianity.

Rami G. Khouri, who writes for The Jordan Times and is a modern-minded man, is caught up by the bravura. He says of Saddam: "This unlikely, autocratic man has become the very medium of a new Arab fearlessness that aims to cast off oppression and subjugation both from abroad and at home." It is the daring that impresses, despite the recklessness and well-known ruthlessness.

The ardor blazing from the eyes of ululating women in "the Arab street," across many countries, reflects the dream of overcoming a sense of powerlessness, wherever the dream may lead. They do not stop to think that waving their fingers in a V-for-victory symbol is yet another gesture borrowed from the hated West.

The chief of a mosque in a poor neighborhood in Amman summed up the call to pride in a Friday sermon. "Saddam is not afraid of America. Follow his example," he preached. "Don't believe the United States is the strongest with superarms. God is the most powerful and can destroy America with the help of Saddam Hussein and the liberated Arab nations."

That is one theme. Another is the fear of Arab leaders who called in foreign help to protect them from a greedy tyrant. And a third is a new set of voices seeking to advance democracy and transformation of Middle Eastern societies, although they are divided between those who feel that it must be done against the West and those who see that it must be done in synthesis. The answer so far has been bombs.

Immediately after the war, and ever after, it will be necessary to talk to Islam and find better answers. That will not be easy, because it is an exclusive faith, offering its consolation on the assurance of certainty, the comfort of the highest, the only truth. The West has to find ways to be inclusive if it is to find people with whom it can talk usefully.

Governments have to deal with governments, even if they are brittle and unappealing. Yet they are the wrong interlocutors. Others are better suited for the long term. Still seemingly weak, with little self-confidence, they represent a swelling if seldom visible tide, like the hidden tide of aspiration that broke through opaque Communist rule in Eastern Europe in the past two years.

In a parallel with the "new thinking" that changed East-West relations, they have come to see their own interests in rising above confrontation. Eduard Shevardnadze, the former Soviet foreign minister, gave Moscow's version: the need to abandon class war for mutual security, the recognition that there are universal values, not just a choice between bourgeois and socialist values, Western and Eastern.

There is an Arab version which finds no shame in accepting values expressed originally in the West because it, too, finds them universal, the key to the dignity and energy of the individual. It is articulated in a remarkable little book by two Egyptians, writing under the single pseudonym of Mahmoud Hussein, entitled "The South Slope of Liberty," published in French.

With great sensitivity, exploring what they know to be the feelings of their coreligionists, and yet with great objectivity and lucidity, they explain the pains and challenges of moving from a world of certainty to a world of doubt, from a world of full community, so long as the individual submits, to a world of self-reliance which inspires initiative.

Their work shows that change is afoot, and that it can be a change bringing hope, reconciliation and health, instead of the destructive battle of societies that Saddam is trying to inflame. They do understand the mind-set that must underlie democracy, and the handicap as well as the solace of rejecting time and sequence, on which modernity must be based, to cling to a sense of seamless eternity.

They do not reject tradition; they want to embrace it in a larger vision which offers the individual more than the "happiness of a grain of sand, the peace of a drop of water in the sea" which fundamentalism provides. They know the anguish of transition. But they also know that without it there will be no end to the humiliation, the failure felt by societies who blame their plight on foreign satans.

These people and the many they inspire are the ones who will make it possible to talk to Islam in mutual confidence and respect. They are the ones to encourage and support.

New York Times Syndication Sales.

Sensible Nonviolence Is Shrewd and Properly Dressed

By Arun Gandhi

OXFORD, Mississippi — While there is no reason to believe that solutions to all problems flow from the barrel of a gun, there is no reason to believe that all problems can be solved peacefully. My grandfather, Mohandas K. Gandhi, an undisputed votary of peace and nonviolence in the modern world, wrote in 1934: "The

MEANWHILE

world is not entirely governed by logic. Life itself involves some kind of violence, but we have to choose the path of least violence."

Civilization to Gandhi meant peaceful coexistence. Instead, the more our civilization progresses, the more violent human society appears to become. Consequently, the question that humanity faces is not the relevance of violence or nonviolence but how to confront the stark choice between nonviolence and nonexistence. Our capacity to kill has become frighteningly sophisticated, and the sharper our weapons become the shorter is our tolerance.

If the peace movement wants to gain momentum and support, it must remember that its struggle is not against people but against policies; that the work for peace is a continuous exercise, and not just when war becomes imminent; that there are some issues that cannot be solved peacefully; that in a peaceful struggle there is no room for anger, hate, taunting or any action that would evoke disgust; that the only weapons in the armory of a pacifist are love and suffering.

Gandhi once wrote to my father, Mailal, his second son, who was entrusted with leading the nonviolent struggle in South Africa:

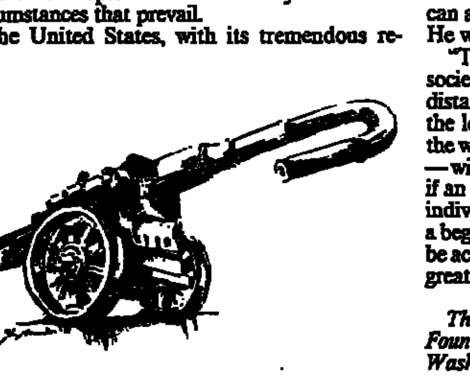
"To understand nonviolence one must first understand violence and its two distinct aspects — physical and passive. Passive violence in the form of discrimination, oppression, exploitation, hate, anger and all the subtle ways in which it manifests itself gives rise to physical violence in society. To rid society of this physical violence, we must act now to eliminate passive violence."

It may seem strange to many pacifists, but appearance and dress play just as important a role in a nonviolent struggle as proper strategy. Take Gandhi, for example, or even Martin Luther King Jr. Gandhi changed to a skimpy loin cloth because he wanted to be one with the poorest whom he was leading in the struggle for independence and social change. If he had tried to lead the impoverished masses of India in Western clothes or even in fashionable Indian clothes, he would not have been acceptable to the people. The masses need a leader they can identify with, which makes dress and appearance as important as sincerity and honesty.

Mr. King faced the same dilemma when he returned from India after studying Gandhi's techniques. He wanted to adopt simple dress, as Gandhi had done, but he quickly realized that he would become an outcast in his society instead of a leader. Gandhi used to say that dress and discipline were as important in a peace army as in a regular army. Millions are spent on the dress and appearance of soldiers in an army for good reason. They must appear pleasing to the eye and command respect, an objective that the peace army cannot ignore.

While many experts have been called upon to analyze various aspects of the Gulf war, no one has given significant thought to the most pertinent question: Why does the world periodically give birth to Saddam Husseins and Adolf Hitlers? It would be naive to assume that they are born evil. Hindu philosophy denies that anyone can be born evil. People are made evil by forces and circumstances that prevail.

The United States, with its tremendous resources, would do the world a great service if it were to initiate an international dialogue to find out what forces have been unleashed to make the world so wicked and violent. During the 20th century alone, the world has consumed more than 300 million lives in known and recorded wars. How many have died in rioting and street violence is not known. The world is on the threshold of the 21st century and also on the brink of a violent conflagration.



Can we effectively counter this violence with more violence? Can the power to survive flow from the barrel of a gun? Conversely, can peace be wrought merely by prayer? A thousand questions defy logical answers.

Gandhi had the optimism to believe that we can achieve the goal where love and law are one. He wrote categorically:

"The world of tomorrow will be, must be, a society based on nonviolence. It may seem a distant goal, an unpractical Utopia. But it is not in the least unobtainable. An individual can adopt the way of life of the future — the nonviolent way — without having to wait for others to do so. And if an individual can do it, cannot whole groups of individuals? Human beings often hesitate to make a beginning because they feel the objective cannot be achieved. This attitude of mind is precisely our greatest obstacle to progress."

The writer is director of the M. K. Gandhi Foundation. He contributed this comment to The Washington Post.

LETTERS TO THE EDITOR

A UN Volunteer Corps

Regarding "The Nations Should Prepare Help for Refugees in the Gulf War" (Opinion, Feb. 6) by Lionel Rosenblatt:

Mr. Rosenblatt suggests that "a UN version of the Peace Corps might be deployed to provide relief and rehabilitation in Iraq and in other war-torn areas, such as Liberia".

With 2,000 volunteer specialists of 105 nationalities already serving worldwide, the United Nations Volunteers program exists in part to respond to such needs — and does so. Our volunteers are working alongside the UN Disaster Relief Organization and the UN Development Program in Liberia; they are assisting the UN coordinator with reconstruction in Afghanistan; they are working with the UN High Commissioner for Refugees in camps from Hong Kong to El Salvador.

We have received requests for logistics personnel and food aid monitors in the Gulf, and are acting on them. For this relief work, as for the longer-term development input which we hope to resume in the region as soon as feasible, we will welcome offers of service from appropriately qualified and experienced men and women from any country — including retired people.

As with Angola, Cambodia and Somalia, the needs of the Gulf countries warranted UNV's help before the warfare. Sadly, the needs will be all the greater following it.

BRENDA G. McSWEENEY,
Executive Coordinator.
United Nations Volunteers.
Geneva.

Not a Border Dispute

Regarding "What a Diplomatic Solution Would Look Like" (Opinion, Jan. 9) by Representative Les Aspin:

Mr. Aspin, in referring to "a long-standing border dispute between Kuwait and Iraq," shows that ignorance of history which we have come to expect from members of Congress. There is no legitimate border dispute between Iraq and Kuwait. For America or Mexico to argue about land contiguous to the Rio Grande — that is "a border dispute." Britain, with the consent of the Powers at Versailles, and later the League of Nations, created Iraq out of conquered territory of the Ottoman Empire.

The emirs of Kuwait were already, and had been for over a century, sovereign princes, although under the protection of Britain. Unlike Mexico and the United States, neither side had ever owned the other's territory.

ROBIN HARDY.
London.

Not All Prey Are Arabs

An error slipped into the MacNelly cartoon you published on Feb. 6, which ironically depicts Saddam Hussein as "Champion of the Arab World." The cartoon shows trophies bearing the heads of his "heroic Arab brothers," including Iranians and Kurds — who of course are not Arabs.

JACQUES VINCENT.
Brussels.

Educate the Parents

I read with great interest Edward Fiske's article *(Feb. 16)* on restructuring education in the United States. It called to mind the experience of a friend who returned to the United States from Europe to teach sixth grade in a public school located in an upper-middle class neighborhood in Fairfax County, Virginia, which boasts one of the best public school systems in the country.

As had been the policy in the (private) American school she taught at in England, she began to assign one hour's homework each night after school. This met with great protest from the parents and was eventually discontinued.

Restructuring the system and holding students, teachers and principals accountable will not alone be sufficient to achieve the goals set out in Mr. Fiske's article. Parents, too, must be re-educated to play their part in this monumental effort.

MARY E. LANGFORD.
Thorpe, England.

An Ambassador Departs

The departure of Ambassador Henry Catto from London will be welcomed by Democrats Abroad (U.K.) and other members of the American community.

Democrats Abroad will always remember Ambassador Catto's address to our 1989 annual general meeting, where, in a nonpartisan spirit, we asked him to speak on the events in Eastern Europe and on the Malta summit, which had occurred the previous day. Instead, he gave a campaign speech for President Bush, one year *after* the election.

In response to a question on how the United States was helping Poland get hard currency, the ambassador remarked that he did not know if Poland really needed hard currency because all the ladies of the evening had dollars. Democrats Abroad applauds his reassignment and the appointment of a true Foreign Service professional in his place.

MICHAEL S. LEBOVITZ,
Chair, Democrats Abroad (U.K.).
London.

ADVERTISEMENT

INTERNATIONAL FUNDS — February 20, 1991

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.
The marginal symbols indicate frequency of quotations supplied: d — daily; w — weekly; b — bi-monthly; r — regularly; t — twice weekly; m — monthly

ABACUS FUNDS		
w Abacus Fund Ltd	$	8.33
b Abacus Guarl.Fd.July 95	$	10.22
b Abacus Guarl.Fd.Mar 94	$	9.48
ABC INVESTMENT & SERVICES CO (E.C.)		
m ABC Futures Fund Ltd	$	94.84
ABN BANK LD88, P.O. Box 669, Amsterdam		
w ABN-Aandelenfonds	Fl	71.47
w ABN-Beleggingsfds Ned.	Fl	57.08
w Aldollar	$	23.30
w Alrenta	Fl	169.98
w America-Fond (I.E)	$	177.35
w Asian Tigers Fund	$	30.95
w LDC Risk Inv. Fund	$	1170.28
w Trans Europe Fund $	$	43.76
w Trans Europe Fund Fl	Fl	72.90
AIG FUND MANAGEMENT Ltd		
d AIG Amer. Eq. Trust	$	24.41
d High Life Fund	Ecu	10.19
d UBZ Euro Optimizer	Ecu	10.03
ALFRED BERG		
w Alfred Berg Norden	$	144.04
Alfred Berg Sicav		
w Global	$	132.89
w Germany	$	139.73
w Switzerland	$	104.42
w Netherlands	$	102.04
ALPHA ASSET MANAGEMENT Ltd		
De Ruyterkade 62, Curacao NA 5999 617844		
m Alpha Arbitrage Fund	$	263.24
m Alpha Europe Fund	Ecu	233.80
m Alpha Futures Fund Ltd	$	152.73
m Alpha Global Fund	$	638.28
m Alpha Hedge Fund	$	238.11
m Alpha Pacific Fund Ltd	$	259.90
m Alpha Short Fund Ltd	$	134.79
m Alpha Tiddale Fund	$	113.52
m Curran-Alpha Hlth Care Fd	$	274.85
w Heisei Japan Fund	Y	14175.08
w Nicholas-Applegate Aurelia	$	151.13
m Nicholas-Applegate Hae Fd	$	111.49
ARRAL ASSOCIATES Ltd		
w Arral Asian Fund	$	122.63
w Arral Int'l Hedge Fund	$	88.74
ASSETMIX FUND		
Lux. Tel: (352) 407651		
BOND FUNDS		
d Alpha Worldwide	SF	48.56
d Deutschmark Bond	DM	49.53
d Sterling Pound	£	114.60
d US$ Bond	$	118.23
EQUITY FUNDS		
d Alpha European	Ecu	1.01
d Alpha Japanese	Y	781.87
d Alpha Pacific Rim	$	1.27
d Alpha UK	£	1.10
d Alpha US$	$	1.38
d Alpha Worldwide	SF	4.00
d Gold Share	$	0.89
RESERVE FUNDS		
d Deutschmark Reserve	DM	11.32
d Sterling Reserve	£	13.17
d US$ Reserve	$	11.56
BA GATEWAY FUND		
w Belgium Fixed Income	BF	10772.09
w Germany Fixed Income	DM	103.23
w Netherlands Fixed Income	Fl	99.27
w US Dollar Fixed Income	$	111.25
w Japan Equity	Y	10804.00
w Pacific Equity	$	92.33
w Int'l Portfolio A	$	105.95
w Int'l Portfolio B	Ecu	103.22
BANQUE BELGE ASSET MGMT FUND		
Shore Distributor Guernsey 0481 726614		
w Int'l Bond Fund (Sicav)	$	13.39
w Int'l Equity Fund (Sicav)	$	11.47
BANQUE DE GESTION E. DE ROTHSCHILD LUXEMBOURG S.A.		
b Eagle Fund	LF	8530.00
b Europe Japan Fund	$	10.27
b Government Secur. Fd	$	67.65
w Hispano Int'l Fond	Ecu	11.37
w Leicorn	$	2474.79
b Opportunities	$	1004.59
b Optiest Currency Gen.	DM	726.19
b Optiest Fixed Inc.	DM	104.01
b Prifirst	$	560.53
b Prime Fund	DM	39.46
b Rente Plus	BF	4897.00
r Select. Horizon FF	FF	63953.71
b Star Convert. Fd Fl	Fl	9844.00
b Star Convert. Fd US$	$	95.55
BANQUE INDOSUEZ		
w The Dragon Fund Sicav	$	103.04
w Asian Growth Fund	$	34.73
w Asian Income Fund	$	9.36
w Diverbond	SF	72.85
m Dual Futures Fd Cl A Units	$	111.06
m Dual Futures Fd Cl B Units	$	110.25
m Dual Futures Fd Cl C Units	$	105.32
m Dual Futures Fd Cl D Units	$	106.06
m Galaxy Futures Fund Ltd	$	113.81
w Himalayan Fund	$	9.85
w Indosuez Hong Kong Fund	$	17.615
w Int'l Bond Fund	$	11.32
w IPNA-3	$	538.00
w ISA Japan Reg. Gr. Fund	Y	889.00
w Japan Fund	$	14.053
w Japan Warrant Fund	$	4.56
w Malacca Fund	$	14.19
w Managed Trust	$	17.558
w Manila Fund	$	7.72
w North American Fund	$	34.368
w Oriental Venture Trust	$	42.120
w Pacific Gold	$	10.72
w Pacific Trust	HK$	21.425
w The Siam Fund	$	34.78
w Singap & Malay Trust	$	13.375
w Tasman Fund	$	3.83
d Worldwide Growth Fund	$	9.730
BANQUE PRIVEE E. DE ROTHSCHILD		
w Daiwa Capital E. Fund	$	987.80
w Daiwa LCF Rothschild	$	1119.97
w Ecu D'Or	Ecu	84.17
b Pri-Tech	$	1180.99
b Source Sicav	$	12.80
BANQUE SCANDINAVE EN SUISSE-GENEVA		
w Intelbond Chf	SF	74.75
w Intelsec Chf	SF	1498.05
w Universal Finasec Global	FM	184.15
w Universal Intelbond $	$	16.47
w Universal Intelbond FF	FF	187.43
w Universal Intelsec	$	14.64
BEARBULL		
w BB Forex Ltd	$	1807.00
w BB Futures Ltd	$	1023.08
w BB Global Ltd BEF	BF	962.41
w BB Global Ltd CHF	SF	9.55
w BB Global Ltd FRF	FF	95.28
BNP INTERFUNDS		
BNP LUXEMBOURG		
w Interbond Fund	$	225.34
w Interselsion	BF	55704.00
w Interecu Fund A	Ecu	271.40
w Interecu Fund B	Ecu	1135.97
INTER CASH		
r France Securite	FF	13369.13
r France Monetaire	FF	11416.20
r ECU	Ecu	1475.81
r US$	$	1111.52
r DM	DM	2221.38
r GBP	£	1152.35
r FRF	FF	15464.77
r France Capital	FF	12027.36
INTER OPTIMUM		
w BEF/LUF	BF	76479.00
w Multidevises DM	DM	2132.74
w US$	$	1077.79
w FRF	FF	1117.525
INTER STRATEGIE		
w France	FF	9356.42
w Europe du Nord	£	922.58
w Europe du Centre	DM	1198.86
w Europe du Sud	Ecu	940.72
w Japon	Y	133022.00
w Amerique du Nord	$	1093.44
w Sud-Est Asiatique	$	844.28
BIP JERSEY		
INTER CURRENCY		
w US$	$	12.1251
w DM	DM	33.9587
w GBP	£	13.1574
w International Managed	$	11.9468
INTER EQUITY		
w French Offer	FF	17.44
w Pacific Offer	$	17.78
w North American Offer	$	11.73
w European Class	$	18.64
w Australia Class	$	9.45
BROADGATE INTERNATIONAL FUND		
d $ Money Market	$	14.09
d Non-$ Money Market	DM	33.79
d $ Bond	$	14.24
d Non-$ Bond	DM	32.24
d European Equities	$	18.35
d Global Equity	$	17.94
d Global Bond	$	14.81
d Global Bond & Equity	$	16.12
d Pacific Equities	$	11.12
d Prec. Mets / Min. Secs	$	5.25
CAISSE CENTRALE DES BANQUES POP.		
w Fructilux Actions Euro	Ecu	1103.77
w Fructilux Actions Fses	FF	6313.95
w Fructilux Court Terme	FF	6554.74
d Fructilux Oblig. Euro	Ecu	1190.08
d Fructilux Oblig. Fses	FF	6405.80
CALLANDER		
w Callander Emer. Growth	$	123.94
w Callander F-Asset	$	90.25
w Callander F-Austria	AS	1372.61
w Callander F-Spanish	Pts	7618.00
w Callander Swiss Growth	SF	722.60
CAPITAL INTERNATIONAL		
w Capital Int'l Fund	$	94.85
w Capital Italia SA	$	39.37
CCF - GAMMA		
w CM Actibonds	$	39.38
w CM Global Growth	$	10.58
w Elysees Court Terme	FF	64863.70
w Elysees Long Terme	FF	58089.21
w Elysees Monetaire	FF	68190.87
w EMF D-Mark (A & B)	DM	963.94
w EMF Dutch Gul. (A & B)	Fl	1048.61
w EMF Ecu (A & B)	Ecu	1027.40
w EMF Sterlings (A & B)	£	526.04
w EMF US Dollar (A & B)	$	1785.03
w EMF Yen (A & B)	Y	97158.00
d Europe Prest. Fund A	Ecu	9.23
d Europe Prest. Fund B	Ecu	10.85
w Europe Smir Cos. Fd A	Ecu	12.18
w Europe Smir Comp. Fd B	Ecu	72.10
CDC INTERNATIONAL		
w CFI Court Terme	FF	132804.18
w CFI Long Terme	FF	1130882.86
CIC GROUP		
d Oblicic Court Terme	FF	12743.96
d Oblicic Monetaire	FF	12987.89
CITICORP INVESTMENT BANK (Lux)		
POB 1373 Luxembourg Tel. 477 95 71		
d Citinvest Guardian $	$	1102.11
d Citinvest Guardian Euro	Ecu	1122.25
d Citinvest Mngd Growth	$	1245.87
d Citinvest Mngd Grth Euro	Ecu	1051.17
d Citinvest Selector	$	915.65
d Citicurrencies US$	$	1452.22
d Citicurrencies Managed	$	125.49
d Citicurrencies STG	£	126.11
d Citicurrencies DEM	DM	128.56
d Citicurrencies YEN	Y	10878.00
d Citiport N.A. Equity	$	178.22
d Citiport Japan Equity	Y	6498.00
d Citiport UK Equity	£	103.67
d Citiport IAPEC	$	126.37
d Citiport Cont. Euro. Equity	Ecu	128.91
d Citiport Eamer.	$	106.00
d Citiport German	DM	81.51
d Citiport Swiss	SF	85.78
d Citiport French Equity	FF	1057.52
d Citiport N.A. $ Bond	$	127.03
d Citiport Euro Bond	Ecu	114.33
d Citiport Asia Pacific Bond	Y	11384.00
CITITRUST		
w Citifund	$	9.253849
w Citiperformance Pftl A+B	$	10.71389
w Global Bonds	$	11.18000
w Global Equities	$	8.49809
w Global Money Market	$	13.00000
w US $ Bonds	$	13.73677
w US $ Equities	$	218.43551
w US $ Money Market	$	13.95412
COMPASS INT'L HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
w Bond: Dollar Med. Term	$	11.85
w Bond: Ecu Multicurr.	Ecu	10.53
w Equity: United Kingdom	£	7.57
CREDIT AGRICOLE: MOSAIS		
d Actions Bassin Pacifique	$	15.08
d Actions Europeennes	Ecu	14.81
d Actions Francaises	FF	104.33
d Actions Int'l Diversifiees	FF	102.36
d Actions Japonaises	Y	2105.43
d Actions Nord-Americaines	$	19.00
d Court Terme Ecu	Ecu	16.47
d Court Terme FF	FF	109.08
d Court Terme US$	$	15.88
d Oblig Europeennes	Ecu	16.47
d Oblig Francaises	FF	111.84
d Oblig Haut Rendement	$	17.35
d Oblig Int'l Div Sensib Red	FF	104.72
d Oblig Int'l Diversifiees	FF	108.53
d Oblig Nord-Americaines	$	15.79
CREDIT SUISSE (Issue Prices)		
d Actions Suisses	SF	549.00
d Bond Valor £Sterling	£	86.92
d Bond Valor D-Mark	DM	101.48
d Bond Valor Swf	SF	94.40
d Bond Valor US-Dollar	$	115.42
d Bond Valor Yen	Y	9565.00
d Canac	SF	507.00
d Convert Valor Swf	SF	135.50
d Convert Valor US-Dollar	$	182.01
d CS Ecu Bond A	Ecu	97.61
d CS Ecu Bond B	Ecu	131.79
d CS Euro Blue Chips A	DM	229.26
d CS Euro Blue Chips B	DM	229.26
d CS Euro Finance Fd A	DM	228.75
d CS Euro Finance Fd B	DM	228.75
d CS Europa Bond A	DM	259.20
d CS Europa Bond B	DM	283.55
d CS Fixed I DM 8% 1/96	DM	102.65
d CS Fixed I Ecu 8 3/4% 1/96	Ecu	101.60
d CS Fixed I SF 7% 1/96	SF	102.79
d CS Gold Valor	$	114.82
d CS Gulden Bond A	Fl	94.01
d CS Gulden Bond B	Fl	117.30
d CS Hispano Iberia Fd A	Pta	23071.00
d CS Hispano Iberia Fd B	Pta	23071.00
d CS Money Market Fd £	£	1824.22
d CS Money Market Fd $	$	1585.80
d CS Money Market Fd C$	C$	1042.26
d CS Money Market Fd DM	DM	1348.98
d CS Money Market Fd Ecu	Ecu	1653.98
d CS Money Market Fd Yen	Y	126541.00
d CS Oeko-protec A	DM	207.40
d CS Prime Bond A	DM	92.64
d CS Prime Bond B	DM	105.92
d CS Short-T. Bond $ A	$	99.49
d CS Short-T. Bond $ B	$	130.50
d CS Short-T. Bond DM A	DM	95.09
d CS Short-T. Bond DM B	DM	119.29
d CS Tiger Fund	$	605.82
d CSF Bonds	SF	72.25
d CSF International	SF	125.50
d Energie-Valor	SF	139.25
d Europa-Valor	SF	287.50
d Pacific-Valor	SF	134.00
d Ussec	SF	680.00
CSFB FUND MGMT Ltd (0481-713996)		
PB122, St Peter Port, Guernsey		
w Islamic Mgmt Fund Ltd	$	1018.22 *
DIT INVESTMENT FFM		
d Concentra +	DM	43.43
d Int'l Rentenfond +	DM	78.71
EBC TRUST CO. (Jersey) Ltd		
1-3 Sale St, St Helier; 0534-36331		
EBC AMRO TRADED CURRENCY FUND		
d Capital	$	23.957
d Income	$	14.798
INTERNATIONAL INCOME FUND		
w Long Term	$	33.4615
d Short Term A (Accum)	$	0.4538
d Short Term A (Distr)	$	0.2943
d Short Term B (Accum)	$	0.9235
d Short Term B (Distr)	$	0.6582
ELDERS INT'L MGMT SRVCS		
see PRISM ASSET MANAGEMENT		
ELDERS SWITZ (898) 25 17 25		
w Elders Australian	A$	88.00
w Elders Int'l	SF	96.75
EQUIFLEX LIMITED		
w Europe A	Fl	9.53
w North America A	Fl	9.32
w UK Small Companies	£	5.08
EURO PACIFIC ADVISERS Ltd		
w Meteore	Y	109008.00
w Pacific Horizon Invt. Fd	$	1956.04
FIDELITY INT'L INV. SERVICES (Lux)		
d Balanced Pftl Hedged	$	11.88
d Balanced Pftl Unhedged	$	11.50
d Conv. Securities Pftl	$	9.35
d Discovery Fund	$	16.89
d Dollars Saving Trust	$	184.68
d Far East Fund	$	49.75
d Fid. Amer. Assets	$	146.84
m Fid. Amer. Values III Com	$	75.63
m Fid. Amer. Values IV	$	90.28
d Fid. Australia Fund	$	15.27
d Frontier Fund	$	25.43
d Global Ind Fund	$	14.43
d Global Selection Fund	$	13.36
d International Fund	$	15.25
d New Europe Fund	$	10.31
d Orient Fund	$	107.54
d Pacific Fund	$	342.76
d Special Growth Fund	$	35.92
d World Fund	$	78.14
FINAFUTURES FINLEY (1-809-323-5839)		
w Portfolio (Est.)	$	1.13
FOCUS BANK A.S. 472 428 555		
w Scanfonds Int'l Growth Fd	$	1.47
GAIA CURRENCY FUNDS		
w Gaia Hedge I	$	118.90
w Gaia Hedge II	$	253.94
w Gaia Hedge III	$	71.33
m Gaia Guaranteed June 97	$	
GAM ANLAGEFONDS AG.		
POB 164, 8034 Zurich Tel: 41-1-2514648		
d GAM (CH) America	SF	1431.00
d GAM (CH) Europe	SF	78.08
d GAM (CH) Mondial	SF	1258.00
d GAM (CH) Pacific	SF	1702.00
GAM TRADITION ANGLEFONDS AG.		
d GAM Tradition	SF	874.00
GARTMORE FUND MANAGERS INT.		
48, La Motte Street, Jersey 0534 27301		
CAPITAL STRATEGY FD Ltd		
d American	$	1.462
d Asia Pacific Fund	$	2.154
d Australasian Fund	£	0.7227
d British	£	2.485
d Canadian Fund	C$	0.8574
d Eastern European Fd	DM	4.443
d Emerging Markets Fund	£	1.0458
d European Fund	DM	3.738
d Global Resources Fund	£	0.7372
d International Growth	£	3.810
d Japan Fund	Y	595.8
d Ecu Bond Fund	Ecu	1.0050
d Global Conv. Bond Fd	$	17.66
d International Bond	£	1.325
d Sterling Bond	£	1.0748
d Austr. Dollar Deposit	A$	1.326
d DM Deposit	DM	5.351
d French Franc Deposit	FF	18.87
d Sterling Deposit	£	1.829
d Swiss Franc Deposit	SF	5.345
d US$ Deposit	$	1.867
d Yen Deposit	Y	531.6
GARTMORE INDOSUEZ FUNDS 26/02/91		
Tel: (352) 46 54 24 470		
Fax: (352) 46 54 23		
BOND PORTFOLIOS		
d Deutsche Mark Bond	DM	5.05
d Dollar bond	$	2.85
d European Bond	Ecu	1.83
d Global Bond	$	2.05
EQUITY PORTFOLIOS		
d Developing Markets	$	2.33
d Europe	Ecu	1.86
d France	FF	10.00
d International	$	2.17
d Japan	Y	234.00
d Natural Resources	$	2.04
d North America	$	2.28
d Pacific	$	2.26
d Singapore/Malaysia	SG$	3.70
d Switzerland	SF	2.42
d United Kingdom	£	1.05
RESERVE FUNDS		
d Deutsche Mark Reserve	DM	5.82
d Dollar Reserve	$	2.81
d French Franc Reserve	FF	10.03
d Sterling Reserve	£	1.01
d Yen Reserve	Y	251.00
GEFINOR FUNDS		
London: 071-4994171, Geneva: 41-22355530		
w East Investment Fund	$	896.29
w Scottish World Fund	£	179.8125
w State St. American	$	280.21
GENERALE BANK		
(See also Interselex Group)		
d Rentinvest	$	29.86
d Capital Rentinvest	$	152.52
d Rentinbel Distribution	LF	9295.00
d Rentinbel Capitalization	LF	11022.00
GENESEE FUND Ltd		
w (B) Genesee Short	$	100.40
w (C) Genesee Opportunity	$	181.22
w (E) Genesee Balanced	$	108.42
GLOBAL ASSET MANAGEMENT		
11 Athol St, Douglas, I.of Man 44-624-626837		
w GAM America Inc.	$	336.00
w GAM Arbitrage Inc.	$	218.17
w GAM ASEAN Inc.	$	171.89
w GAM Australia Inc.	$	114.13
w GAM Bond Fd Inc. £	$	109.59
w GAM Bond Fd Inc. DM	DM	90.91
w GAM Bond Fd Inc. SF	SF	79.93
w GAM Bond Fd Inc. US Ord.	$	118.80
w GAM Bond Fd Inc. US Spe.	$	129.48
w GAM Bond Fd Inc. Yen	Y	11481.00
w GAM Boston Inc.	$	253.93
w GAM Europe Fund	$	85.81
w GAM European Inc.	$	101.95
w GAM Franc-Val Inc.	SF	167.99
w GAM France Inc.	FF	1354.52
w GAM Global Fund	$	112.98
w GAM High Yield Inc.	$	82.74
w GAM Hong Kong Inc.	$	214.16
w GAM International Inc.	$	139.17
w GAM Japan Inc.	$	638.41
w GAM Mitt-Mar Deferred Cl.	$	182.61
w GAM Mitt-Mar Fd Inc Allocs	$	168.96
w GAM Mitt-Mar Fd Inc Gen Eq	$	186.58
d GAM Mitt-Mar Fd Trading	$	112.57
w GAM Money Mkts Fd £	£	102.18
w GAM Money Mkts Fd $	$	101.08
w GAM Money Mkts Fd DM	DM	101.09
w GAM Money Mkts Fd SF	SF	101.09
w GAM Money Mkts Fd Yen	Y	10189.00
w GAM North America Fund	$	110.35
w GAM Pacific Basin Fund	$	129.60
w GAM Pacific Inc.	$	558.75
w GAM Restr. Fund Inc.	$	148.86
w GAM Selection Inc.	$	247.47
w GAM Singap-Malay Inc.	$	242.82
d GAM Sterling Spec. Bd Fd	£	103.74
w GAM Swiss Fr Spec Bd Fd	SF	84.48
w GAM Tyche S.A. Class A	$	214.32
w GAM U.S. Inc.	$	185.21
w GAM Univ. Accumulation	$	113.96
w GAM Univ. D-Mark Acc.	DM	109.33
w GAM Univ. D-Mark Inc.	DM	189.33
w GAM Univ. Income	$	113.96
w GAM Univ. Spain Inc.	SF	92.65
w GAM UT Inc.	$	394.04
w GAM Value Inc.	$	92.80
w GAM Whitehorn Fund Inc.	$	146.90
w GAM Worldwide Inc.	$	420.66
w GSAM Composite Inc.	$	234.96
GT MANAGEMENT PLC		
d G.T. ASEAN Fund	$	46.31
d G.T. Asia Fund	$	18.45
d G.T. Australia Fund	$	23.91
d G.T. Berry Japan Fund	$	30.55
w G.T. Biotech/Health Fd.	$	15.50
d G.T. Bond Fund	$	17.62
d G.T. Deutschland Fund	$	12.93
d G.T. Dollar Fund	$	20.16
w G.T. Emerging Mkts Fd.	$	8.43
w G.T. Euro Small Co Fd	$	32.20
d G.T. Europe Fund	$	32.45
w G.T. Global Small Co Fd	$	16.11
d G.T. Global Techno. Fd.	$	17.62
d G.T. Hong Kong Fund	$	30.73
d G.T. Honshu Pathfinder	$	72.22
d G.T. Investment Fund	$	14.94
w G.T. Japan OTC Stocks Fd	$	71.18
w G.T. Japan Small Co Fd	$	15.68
w G.T. Korea Fund	$	5.81
w G.T. Newly Ind Countr Fd	$	26.94
r G.T. Technology Fund	$	42.78
d G.T. UK Small Companies	£	7.51
w G.T. US Small Companies	$	14.15
GUINNESS FLIGHT FUND MANAGERS LTD		
GUERNSEY		
GUINNESS FLIGHT Glbl Strategy Fd Ltd		
d Managed Currency Fd	$	34.68
d Global Bond Fd	$	31.27
d Global High Inc Bd Fd	$	22.38
d Gilt and £ Bd Fd	£	10.108
d Euro High Inc Bd Fd	£	20.56
d Global Equity Fd	$	49.19
d American Blue Chip Fd	$	22.04
d Japan and Pacific Fd	$	76.44
d UK Fund	£	19.36
d European Fund	$	98.41
GUINNESS FLIGHT Int'l Fd Ltd		
d Deutschemark Money Fund	DM	69.626
d Sterling Money Fund	£	21.862
d Swiss Franc Money Fund	SF	33.107
d US Dollar Money Fund	$	34.537
d Yen Money Fund	Y	7027.270
HILL SAMUEL GLOBAL PORTFOLIO		
1A rue Pierre d'Aspelt Luxembourg 1142		
d H.S. Glbl Ptfl £ Fix Int.	£	10.34
d H.S. Glbl Ptfl Eur Fix Int	DM	9.63
d H.S. Glbl Ptfl Euro Eq	DM	8.42
d H.S. Glbl Ptfl Glbl Bond	$	10.54
d H.S. Glbl Ptfl Glbl Eq	$	8.94
d H.S. Glbl Ptfl Glbl Mngd	$	9.21
d H.S. Glbl Ptfl Jap Eq	Y	774.00
d H.S. Glbl Ptfl N. Amer Eq	$	9.67
d H.S. Glbl Ptfl Pac Bas Eq	$	9.27
d H.S. Glbl Ptfl UK Equity	£	9.32
d H.S. Glbl Ptfl UK Sm Co Eq	£	9.71
d H.S. Glbl Ptfl US Sm Co Eq	$	8.90
HILL SAMUEL INVEST. MGMT. INTL S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
d Crossbow (Far East)	SF	13.38
d CSF (Balanced)	SF	35.93
d European Equity Fund	DM	17.34
d Int'l Bond Fund	$	13.55
d Int'l Currency US	$	27.98
d Int'l Currency US Mngd	$	29.20
d ITF Fd (Technology)	$	14.46
d O'seas Fd (N. America)	$	50.63
IAM, 2 Bd. Royal LUXEMBOURG		
w IAM Bonds Fd-France A	FF	629.92
w IAM Bonds Fd-Allem. B	DM	221.86
w IAM Bonds Fd Japon C	Y	10852.00
w IAM Bonds Fd Div. I	FF	518.97
w IAM Europe Global	Ecu	83.24
w IAM Europe Luxe	Ecu	82.41
w IAM Europe 90/10	Ecu	104.05
w IAM Europe 1992	Ecu	89.35
w IAM Europe du Sud	Ecu	83.79
w IAM Flagship Fund	Ecu	82.68
INTERSELEX GROUP		
d Int. America Fund	$	17.79
d Int. Belgo Fund	BF	2725.00
d Int. Europa Sicav	LF	5827.00
d Int. Pacific Fund	$	1068.86
d Int. World Fund	$	97.01
INVESCO MIM INT'L. POB 271, Jersey		
d Amer. Inc & Growth	$	1.304
d Asia Super Growth Fund	$	12.27
d Dollar Mngd Curr	$	14.97
d Dollar Mngd Pftl	$	2.269
d Gold & Prec. Metals	$	0.788
d Gtd, N.W. 1994	$	7.96
d Int. High Income	£	2.443
d Japan Dollar Perf. Fund	$	3.422
d Jersey Gilt	£	0.1809 *
d Nippon Warrant Fund	$	12.45
d Okasan Global Strat	$	17.64
d Pioneer Markets	£	2.498
d Sterling Mngd Curr	£	17.10
d Sterling Mngd Ptfl	£	1.583
d UK Growth	£	1.055 *
ITALFORTUNE INT'L. FUNDS		
w Class A (Aggr. Growth Ital.)	$	50.52
w Class B (Global Equity)	$	11.36
w Class C (Global Bond)	$	12.41
w Class D (Ecu Bond)	Ecu	10.07
JARDINE FLEMING, GPO Box 11448 Hg Kg		
d JF ASEAN Trust	$	23.10
d JF Far East Wrnt Tr.	$	8.74
d JF Glbl Conv. Tr.	$	11.90
d JF Hong Kong Trust	$	81.88
d JF Japan Sm. Co Tr.	Y	63131.00
d JF Japan Trust	Y	16548.00
d JF Malaysia Trust	$	18.80
d JF Pacific Inc. Tr.	$	84.76
d JF Thailand Trust	$	13.22
JULIUS BAER GROUP		
d Baerbond	SF	875.80
d Conbar	SF	1686.00
d D-Mark Baer Bond Fund	DM	1071.00
d Dollar Baer Bond Fund	$	1179.00
d Emerging Europe Fund	DM	94.73
d Equibaer America	$	1073.00
d Equibaer Europe	SF	1428.00
d Europe Bond Fund	Ecu	108.47
d Liquibaer	$	1983.00
d SFR-BAER	SF	994.00
d Stockbar	SF	1847.00
d Swissbar	SF	1993.00
KIDDER, PEABODY		
b Chesapeake Fund Ltd	$	1549.81
b Int'l Guaranteed Fund	$	1029.25
b Stonehenge Ltd	$	1278.35
b The Gbl Asset Alloc Fd Ltd	$	1071.43
KLEINWORT BENSON SELECT FUND		
d British Fund	Ecu	1.85
d Emerging Asia Fund	Ecu	1.54
d European Fund	Ecu	1.71
d International Fund	Ecu	1.57
d Japanese Fund	Ecu	1.58
d Korsaliis World Fund	FM	10.16
d North American Fund	Ecu	1.65
d Pacific Fund	Ecu	1.49
LIPPO ASIA LIMITED		
w Java Fund	$	7.65
LLOYDS BANK PLC, POB 438, Geneva 11		
Deals 41-22-3073200/Inquir. 41-22-3073210		
w Lloyds Int'l Dollar +	$	189.50
w Lloyds Int'l Europe +	SF	174.10
w Lloyds Int'l Growth +	SF	198.50
w Lloyds Int'l Income +	SF	253.00
w Lloyds Int'l N. America +	$	178.90
w Lloyds Int'l Pacific +	SF	156.90
MAGNUM FUTURES FUND Ltd		
m Deutschemark Class	DM	79.92
m Sterling Class	£	5.27
m US Dollar Class	$	9.80
MALABAR CAP MGMT (Bermuda) Ltd		
m Malabar Int'l Fund	$	9.57
MAN INTERNATIONAL FUTURES		
m Alubat Mint Gld. Fund Ltd	$	167.31
m Athena Diversified Fut	$	10.89
m Athena Guaranteed Fut	$	9.63
m Fome Mint Gld Plc	$	123.38
m Mint Gld Ltd - Aug 1995	$	12.08
m Mint Gld Ltd - Dec 1994	$	14.75
m Mint Gld Ltd - Jan 1994	$	14.72
m Mint Gld Ltd - Nov 1993	$	20.67
m Mint Gld Ltd - Spec Issue	$	21.41
m Mint Limited - Income	$	14.35
m Mint Limited - Ordinary	$	43.34
m Mint Sp Res Ltd (BNP)	$	115.67
m Newcastle Guaranteed Ltd	$	12.47
MERRILL LYNCH		
d Dollar Assets Portfolio	$	1.00
d Iberia Portfolio	$	10.88
d Multi-Curr. Bond Ptfl Cl A	$	17.76
d Multi-Curr. Bond Ptfl Cl B	$	17.76
d USA Income Portfolio	$	9.59
d US Federal Securities Fd		
d Category A	$	10.00
d Category B	$	10.00
d World Nat Res Ptfl Sh A	$	11.03
d World Nat Res Ptfl Sh B	$	10.90
MERRILL LYNCH MLT NAT'L INV PFL		
GLOBAL CURRENCY BOND SERIES		
d Australian Dollar Ptfl		
d Category A	$	13.06
d Canadian Dollar Ptfl		
d Category A	C$	11.07
d Category B	C$	11.05
d Deutsche Mark Ptfl		
d Category A	DM	10.55
d Category B	DM	10.52
d Pound Sterling Ptfl		
d Category A	£	11.64
d Category B	£	11.61
d US Dollar Ptfl		
d Category A	$	11.84
d Category B	$	11.81
d Yen Portfolio		
d Category A	Y	1050.00
d Category B	Y	1047.00
MERRILL LYNCH MLT NAT'L INV PFL		
EQUITY CONVERTIBLE SERIES		
BASIC VALUE PORTFOLIO		
d Class A	$	10.14
d Class B	$	10.04
CONVERTIBLE SECURITIES PTFL.		
d Class A	$	10.59
d Class B	$	10.54
GLOBAL EQUITY PORTFOLIO		
d Class A	$	9.48
d Class B	$	9.45
EURO EQUITY PORTFOLIO		
d Class A	$	10.36
d Class B	$	10.31
MULTIMANAGER N.V.		
w American Growth Fd	$	10.47
w European Curr. Bond Fd	Ecu	10.85
w European Growth Fd	Ecu	10.24
m Futures Fd	$	10.00
w Japanese Growth Fd	Y	1002.00
NIMARBEN		
w Class A	$	200.20
NMB BANK, PO 1800, 1000 BV Amsterdam		
w NMB Dutch Fund	Fl	38.20
d NMB Euronix Fund	LF	2.227
d NMB Real Estate Fund	Fl	38.40
w The Brazil Fund	$	1.22
NOMURA INT'L. (HONG KONG) Ltd		
d Nomura Jakarta Fund	$	8.13
NOMURA INVEST BANKING (M.E) E.C.		
d Nomura Gulf Fund	$	9.02
OBLIPLEX LIMITED		
w Convertible	$	11.25
w Deutsche Mark	DM	13.32
w Dollar Long Term	$	16.14
w Dollar Medium Term	$	18.88
w Dutch Florin	Fl	13.53
w Dutch Florin Multi	Fl	11.13
w European Currency	Ecu	13.85
w French Franc	FF	112.54
w HY Euro Curr Divid Pay	Ecu	10.06
w HY Euro Currencies	Ecu	11.07
w Japanese Yen	Y	2442.00
w Multicurrency	$	25.91
w Pound Sterling	£	18.17
w Swiss Franc	SF	10.75
w Swiss Franc Divid Pay	SF	10.31
w Swiss Multi-Dividend	SF	8.79
w Swiss Multicurrency	SF	12.32
w US Dollar Short Term	$	18.84
OLYMPIA Capital Intl. BVI		
c/o OCM, 17 Av. George V, 75008 PARIS		
Tel. 33-1-47206274		
w Finsbury Group	$	121.02
w Olympia Securite	SF	107.25
w Winch. Capital	$	102.10
w Winch. Frontier	$	232.97
w Winch. Fut. Olympia Star	$	101.47 *
w Winch. Hldg Int'l Madison	Ecu	1051.39
w Winch. Hldg Int'l Ser D	Ecu	1231.15
w Winch. Hldg Int'l Ser F	Ecu	1231.53
w Winch. Hldg US$	$	16.43
w Winch. Reser. Multi. Gvbd	$	14.87
PARIBAS-GROUP		
d Cortexa International	$	108.51
d Europhenix	Ecu	176.14
d Luxor	$	8.30
d Moneyflow	LF	10120.00
d Par US Treas. Bond Cl B	$	150.83
d Paribas-Rente A	LF	7251.00
d Paribas-Rente B	LF	1445.00
d Parinter Bond Fund	$	16.17
d Parinter Fund	$	226.64
w Parvest Obli-DM A	DM	1264.59
w Parvest Obli-DM B	DM	1411.35
w Parvest Obli-Dollar A	$	1212.43
w Parvest Obli-Dollar B	$	1422.49
w Parvest Obli-Franc A	FF	1465.58
w Parvest Obli-Franc B	FF	1465.58
w Parvest Obli-Gulden A	Fl	1040.70
w Parvest Obli-Gulden B	Fl	1193.25
w Parvest Obli-Sterling	£	116.64
w Parvest Obli-Yen A	Y	112954.00
w Parvest Obli-Yen B	Y	123263.00
PERMAL GROUP		
b Drakkar Growth	$	1996.54
b EuroMir (Ecu) Ltd	Ecu	831.65
b Media Ltd	$	811.24
b Nascol Ltd	$	1582.81
w Upsylon Ltd	$	280.03
b Value N.V.	$	1841.95
PIERSON, HELDRING & PIERSON N.V.		
Rokin 55, 1012kk, Amsterdam (20-5211188)		
w Asia Pac. Growth Fd N.V.	$	30.65
w Asian Selection Fd N.V.	Fl	41.44
w DP Amer. Growth Fd N.V.	$	29.52
w Environment Growth Fund	Fl	51.11
w Eur. Growth Fund N.V.	Fl	54.57
w Japan Diversified Fund	$	46.10
w Leveraged Cap Hold	$	373.21
w Tokyo Pac. Hold. N.V.	$	224.94
PRISM ASSET MANAGEMENT		
(212) 332-1832 advisor to:		
d Conqueror	$	82.84
d Prism Fut. Fd (EFF)	$	304.50
d PTJ	$	109.64
d Rainbow	$	121.52
PUTNAM		
d Emerging Hlth Sc. Trust	$	20.48
w Putnam Em. Info. Sc. Trust	$	18.35
d Putnam Glob. High Growth	$	13.32
d Putnam High Inc. GNMA Fd	$	9.52
d Putnam Int'l Fund	$	12.60
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
d Robeco	Fl	95.10
d Rodamco	Fl	55.50
d Rolinco	Fl	89.90
d Rorento	Fl	62.60
ROTHSCHILD AST. MGT.		
w Tokyo Pacific Hldgs (Sea)	$	164.14
ROYAL B. CANADA, POB 246, GUERNSEY		
w RBC British Fund Ltd +	£	4.981
w RBC Canadian Fd Ltd +	C$	13.76
w RBC European Fund +	£	12.79 *
w RBC Far East & Pac. Fd +	$	48.82
w RBC Int'l Bond Fund Ltd +	$	14.41
w RBC Int'l Capital Fund +	$	54.14 *
w RBC Mngd Currency Fd +	$	42.25
w RBC North America Fd +	$	14.64
SAFRA REPUBLIC HOLDING		
w Republic (Gosey) $ Inc Fd	$	9.90
w Republic Gam Fund	$	103.69
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
w Equity Int'l Acc	$	13.67
w Equity Int'l Inc	$	11.88
w Equity Global	$	1.29
w Equity Far East	$	2.08
w Equity Gold	$	8.66
w Equity Japan	Y	117.00
w Equity Nordic	$	1.46
w Equity U.K.	£	1.19
w Equity Continental Europe	$	1.37
w Equity Mediterranean	$	7.11
w Equity North America	$	1.39
w Bond Int'l Acc	$	9.80
w Bond Int'l Inc	$	7.02
w High Income Acc	$	1.29
w High Income Inc	$	1.09
w Bond Sweden	SKr	11.88
w Bond DEM	DM	0.98
w Bond Dollar	$	1.12
w Multicurrency	$	1.38
SOCIETE GENERALE GROUP		
SOGELUX FUND (SF)		
w SF Bonds A U.S.A.	$	13.72
w SF Bonds B Germany	DM	23.95
w SF Bonds C France	FF	95.30
w SF Bonds D Switz.	SF	20.83
w SF Bonds E G.B.	£	9.34
w SF Bonds F Japan	Y	1482.00
w SF Bonds G Europe	Ecu	13.15
w SF Bonds H World Wide	$	13.83
w SF Bonds J Belgium	BF	615.00
w SF Eq. K North America	$	13.10
w SF Eq. L W. Europe	Ecu	12.22
w SF Eq. M Pacific Basin	Y	1478.00
w SF Eq. N France	FF	78.00
w SF Eq. P Growth Countries	$	12.90
w SF Eq. Q Gold Mines	$	9.74
w SF Eq. R World Wide	$	13.82
w SF Short Term S France	FF	128.86
w SF Short Term T Eur.	Ecu	12.59
SOGELUX INDEX FUND (SIF)		
w S.I.F. France Capital	FF	922.12
w S.I.F. France Distrib.	FF	922.12
w S.I.F. GB Capital	£	104.15
w S.I.F. GB Distrib.	£	104.15
w S.I.F. Japan Capital	Y	14004.00
w S.I.F. Japan Distrib.	Y	14004.00
w S.I.F. US Capital	$	108.32
w S.I.F. US Distrib.	$	108.32
w S.I.F. World Capital	$	136.88
w S.I.F. World Distrib.	$	136.88
SODITIC ASSET MANAGEMENT INC.		
w SAM Diversified Inc.	$	110.72
w SAM Strategy Inc.	$	96.38
SVENSKA HANDELSBANKEN S.A.		
146 Bd de la Petrusse, L-2330 Luxembourg		
w Neptune Maritime Fund	$	8.49
b SHB Bond Fund	$	49.74
w Svenska Sel. Fd Amer Sh.	$	12.72
w Svenska Sel. Fd Germany	DM	8.68
d Svenska Sel. Fd Int'l Bd Sh.	$	11.97
w Svenska Sel. Fd Int'l Sh.	$	51.72
w Svenska Sel. Fd Japan	Y	535.50
d Svenska Sel. Fd Nordic Sh	$	10.46
d Svenska Sel. Fd Pacif Sh	$	4.46
d Svenska Sel. Fd S/T Asa Sh	$	11.07
w Svenska Sel. Fd Swed Bds	SKr	1004.82
SWISS BANK CORP. (Issue Prices)		
d America Valor	$	385.97
d Anglo Valor	£	184.40
d Asia Portfolio	SF	467.15
d Convert Bond Selection	SF	89.85
d D-Mark Bond Selection	DM	104.42
d Dollar Bond Selection	$	131.73
d Ecu Bond Selection	Ecu	96.73
d Florin Bond Selection	Fl	109.57
d France Valor	FF	1593.46
d Germania Valor	DM	457.52
d Gold Portfolio	SF	257.18
d Iberia Valor	Pta	46468.00
d Ital Valor	Lit	398162.00
d Japan Portfolio	Y	30496.00
d SBC £ MMF	£	2193.38
d SBC 100 Index Fund	SF	1019.00
d SBC DM Short A/B	DM	1033.75
d SBC Ecu MMF	Ecu	2888.96
d SBC Euro Stock	Ecu	152.00
d SBC Sfr Bond A	SF	1056.92
d SBC Sfr Bond B	SF	1899.44
d SBC US$ MMF	$	6498.19
d SBC Yen MMF	Y	534971.00
d Sterling Bond Selection	£	101.83
d Sw. Foreign Bond Selection	SF	98.81
d Swissvalor	SF	359.25
d Universal Bond Selection	SF	71.50
d Universal Fund	SF	99.82
d Yen Bond Selection	Y	10741.00
T. ROWE PRICE ASSOCIATES INC.		
m T. Rowe Price Frontier Ltd	$	11.15
TEMPLETON W.WIDE INVESTMENTS		
GROWTH PORTFOLIO		
d Class A-1	$	9.91
d Class A-2	$	10.46
d Class A-3	$	10.10
d Class B-1	$	9.78
d Class B-2	$	10.53
INCOME PORTFOLIO		
d Class A	$	11.20
d Class B	$	11.16
TERMINVEST Tel: 46.78.92.89		
m Dual Futures Fd Cl D Units	$	106.08
m Galaxy Futures Fund Ltd	$	113.81
THORNTON MANAGEMENT Ltd		
d Eastern Crusader Fund	$	8.99
w Global Access Fund	$	9.60
d Pacif Invt Fd SA £	£	8.54
d Pacif Invt Fd SA DM	DM	24.86
d Pacif Invt Wrnt Fd SA £	£	3.54
d Pacif Invt Wrnt Fd SA DM	DM	10.31
d Thor. Litl Dragons Fd Ltd	$	20.97
d Thornton HK Gateway Fd	$	15.38
d Thornton Int'l Opp. Fd	$	1.74
d Thornton Japan Fund Ltd	$	28.96
d Thornton Orient Inc Fd Ltd	$	21.36
w Thornton Phil. Redev. Fd	$	21.71
d Thornton Tiger Fd Ltd	$	28.918
NEW TIGER SEL. FUND		
d Indonesia	$	7.19
d Malaysia	$	9.47
d Thailand	$	9.79
TYNDALL INTERNATIONAL Bermuda Ltd		
Tel: 809 292 2768		
d American Spec. Sits	$	47.81
d Eurobond	$	32.89
d Mortgage	C$	14.57
d Overseas	$	26.68
d Tiger	$	42.24
TYNDALL INTERNATIONAL Jersey Ltd		
Tel: 0534 37331		
d Gilt	£	580.00
d Mngd Currency Dollar	$	1.045
d Mngd Currency Sterling	£	116.10
UEBERSEEBANK Zurich		
d B-Fund	SF	975.86
d E-Fund	SF	518.08
d J-Fund	SF	352.52
d M-Distribution	SF	96.16
d M-Fund	SF	1020.84
d UBZ Euro-Income Fund	SF	9.55
UNION BANK OF SWITZERLAND		
d Amca American Shares	SF	35.25
d Bond-Invest	SF	56.25
d Brit-Invest Shares	SF	705.00
d D-Mark-Invest Bonds	DM	197.60
d Dollar-Invest Bonds	SF	113.39
d ESPAC Spanish Shares	SF	179.50
d Eurit	SF	306.00
d Fonsa Swiss Shares	SF	195.00
d Francit Shares	SF	187.50
d Germac Shares	SF	223.00
d Globinvest Shares	SF	96.00
d Gold Invest Shares	SF	164.00
d Holland-Invest Shares	SF	216.00
d Itac Shares	SF	185.00
d Japan-Invest Shares	SF	1202.00
d Sima (stock price)	SF	230.00
d Skandinavien-Invest	SF	213.00
d UBS Money Mkt Invest	£	1023.07
d Yen-Invest Bonds	Y	61387.00
UNION INVESTMENT Frankfurt		
d Unifonds	DM	32.65
d Unirak	DM	75.35
d Unirenta	DM	35.10
d Unizins	DM	103.95
UNIVERSAL GROUP OF FUNDS		
d Univers Sav Amer	C$	9.18
d Univers Sav Equity	C$	10.55
d Univers Sav Global	C$	5.41
d Univers Sav Nat. Res	C$	4.46
d Univers Sav Pacific	C$	8.84
Other Funds		
r Actiresisonce	FF	513.82
d Actifinance Int'l	$	1888.44
w Actifutures Ltd	$	1283.07
w Actigestion	FF	1299.21
w Activest Int'l	$	28.23
d Amvabel	$	63.50
w Aquila International Fund	$	257.84
b Arlone	$	4281.42
d Asia Oceania Fund	$	8.71
m Associated Investors Inc.	$	741.04
m Atlantic Fund	$	67.31
d Atlas Fund	SF	59.71
r Australia Fund	$	16.49
w Balfour Maclaine Series 1	$	978.0208
w BDD Inv Fund-Ecu Bd	Ecu	5461.12
w BEM International	$	5.61
w Bergen Int'l Fund	$	11.39
w Bondselex-Issue Pr.	SF	98.15
m Cal Futures 1998 Fd Ltd	$	27.77
d CB German Index Fund	DM	119.32
w CFE Future Fd N.V.	$	84.96
m Cleveland Offshore Fd	$	19.94
w CMI Investment Fund	$	1392.00
w Columbia Securities	Fl	93.22
w Convert. Fd. Int'l A Certs	$	17.80
w Convert. Fd. Int'l B Certs	$	80.94
w Cumber Int'l N.V.	$	107.04
w D. Witter Wld Wide Ivt Tst	$	24.24
w D.G.C.	$	214.77
w Daiwa Japan Fund	Y	7458.00
w Disa Income Fund	FR	37.55
d Dreyfus America Fund	$	18.74
w Dumelux Amerique	$	1027.86
w Dumelux Asie Pacifique	$	1027.86
w Dumelux Bonds Plus	$	1198.74
w Dumelux Europe	Ecu	1039.89
w Dumelux France	FF	6238.98
w Dumelux Opportunit	$	1027.86
m Dumenil Arbitrage Fd NV	$	663.08
d Ecu Pic Omega Fund	Ecu	1.77
w Eqs Overseas Fund Ltd	$	1001.00
d Emi Belg. Ind. Plus (A)	BF	8553.00
d Emi Belg. Ind. Plus (B)	BF	8553.00
d Emi France Ind. Plus (A)	FF	803.38
d Emi France Ind. Plus (B)	FF	803.38
d Emi Germ. Ind. Plus (A)	DM	87.42
d Emi Germ. Ind. Plus (B)	DM	87.42
d Emi UK Index Plus (A)	£	93.16
d Emi UK Index Plus (B)	£	93.16
w Espir. Sto Inv M Sth Eur Fds	$	10.34
w Esprit Sicav	Ecu	1118.48
w Eurosud	FF	987.21
d Europe 1992	$	10.63
d Europe Obligations	Ecu	77.06
w F.I.T. Fund FF	FF	119.24
w F.M.P. Portfolio	$	0.5175
w Fairfield Int'l Ltd	$	151.35
w Fairfield Sentry Ltd	$	213.15
w Fairfield Strat. Ltd	$	60.35
m Fatum Fund	$	772.27
w First Eagle Fund	$	34570.58
m First Frontier Funds	$	85.14
w FL Trust Switzerland	SF	89.97
d Fonditalia	$	36.49
w Fonselex Issue Pr.	SF	142.48
d Force Cash DM Sicav	DM	5185.35
d Force Cash Ecu Sicav	Ecu	2833.13
d Force Cash FF Sicav	FF	15713.46
d Force Cash US$ Sicav	$	3085.39
d Forexfund Limited	$	9.60
w Formula Selection Fd	SF	64.12
d Frankl-Trust Effekten Fd	DM	151.17
d Frankl-Trust Interzins	DM	39.32
m Gems Progressive Fd Ltd	$	1074.66
w George V Inv. Bond F.	$	24.64
m German Sel. Associates	DM	1432.31
d Green Line France	FF	622.79
w Hasenbichler Com AG	$	1327.00
w Hausmann Hldgs. N.V.	$	331.96
d Hentsch T.F.	SF	10717.00
w Hestia Funds	$	145.48
w Horizon Fund	$	2857.42
w Ibex Holdings Ltd	SF	165.71
w IFDC Japan Fund	Y	30616.00
r ILA-IGB	$	1.25
r ILA-IGS	$	7.94
m IncAmerica N.V.	$	14.81
m IncAsia N.V.	$	9.46
r Int'l Securities Fund	$	29.18
m Interface Fund Ltd	$	159.78
d Interfund SA	$	47.54
w Intermarket Fund	$	470.68
w Intersec SA	$	3898.29
d Investa DWS	DM	43.82
d Investmentor Fund	$	104.73
m J Capel Guaranteed Fund	$	10.85
w Japan Pacific Fund	$	221.47
w Japan Reg. Growth F.	Y	991951.00
m Japan Selection Assets	Y	9713.00
w Japan Selection Fund	$	237.46
d JJ Placement	FF	12516.37
w JWH Worldwide Fund	$	9.39
d Kenmar Guaranteed	$	9.89
w Kenmar Int'l-B	$	11325.00
d Kenmar L/C	$	9.08
m Key Hedge Fund Inc	$	107.18
w Kleinwort Bens. Jap. Fd	$	215.64
d KML-II H. Yield	$	320.92
w Korea Growth Trust	$	32.32
w LACO International	$	5.36
w Leumi Val. Francaises	FF	941.54
m London Portfolio G'td. I	$	88.57
m London Portfolio G'td. II	$	8.38
w Luxfund	$	116.78
m Lynx Sel. Holdings	SF	110.74
m Maritime Fund Int'l Ltd	$	1028.36
w Mat Growth ESCF DM	DM	17.83
w Mat Growth USCF $	$	18.19
w MBE Japan Fund	LF	1894.00
m MCM Int. Limited	$	143.78
d Mediolanum Sel. Fd	$	41.72
w ML Morgans Lv HY Inv NV	$	9.61
w Moore Global Invts. Ltd	$	2056.77
d NCA Fund	$	11.47
w Nippon Fund	$	189.00
d NM Inc. & Growth Fund	$	17.92
m NMT Asian Sel. Portfolio	$	178.10
w NMT Citadel Bond	SF	115.16
m NMT Nostec Portfolio	$	123.36
d Nomura-Cap Int'l Eq Fd	$	15.17
d Nordinix	Lit	11418.00
m Nova Plus Fund I Ltd	$	1058.00
w Noveurope	Ecu	2704.77
m NSP F.I.T. Ltd	$	18.26
m Oppenheimer U.S. Arb.	$	126.56
w Optimum Fund	$	1276.20
m Overlook Performance	$	1459.12
d Pacific Nles Fund	$	7.39
d PAM Futures Trod	$	454.26
w Pancurri Inc.	$	176.76
m Paragon Fund Limited	$	18.22
w Plurivest International	FF	115.43
d Precision Fd Ltd	$	79.74
w Prosp. I.H. Inc. P.F.	$	3.28
w Puget-Mabe Barclays Pac.	$	123.35
w Quantum Fund N.V.	$	17582.82
d SAGA Amerique	FF	706.87
d SAGA Court Terme	FF	1215.04
d SAGA France Sicav	FF	443.60
d SAGA Long T. Capital	FF	1139.21
d SAGA Opportunites	FF	772.39
d SAGA Pacifique	FF	1064.90
d SAGA Premiere	FF	1203.91
w Samurai Portfolio	SF	261.10
d Sanyo Kle. Spain Fd	$	11.45
d Serakreek Holding n.v.	$	28.59
d Sofuro Fund	$	1159.71
d SCI / Tech. SA Luxembourg	$	19.18
m Scimitar Guar. Curr Fd	$	8.46
m Scimitar Guaranteed	$	8.48
m Securefund 2000 Ltd	$	5.80
m SLH Guar. F.F.I	$	1063.03
w SP International SA	$	6620.00
d Strat. Int'l Gold Fund SA	$	6.96
m Sussex McGarr	$	2281.00
w Techno Growth Fund	SF	51.18
d Templeton Glob Inc	$	10.16
d The Petrus Fund Ltd	$	1.83
m THC (OTC) Jap. Fd Sicav	$	11.93
w Transpacific Fund	Y	28634.00
d Triton Offshore Class A	$	292.97
d Triton Offshore Class B	$	274.48
d Tudor B.V.I. Futures LTD	$	7450.97
d Turquoise Fund	$	224.48
m Tweedy Browne (UK) n.v.	$	1277.35
w Tweedy Browne n.v. Cl A	$	3630.72
w Tweedy Browne n.v. Cl B	$	1700.43
d Uni Bond Fund	Ecu	1456.66
r Uni Capital Fund	Ecu	1173.87
d Unico Equity Fund	DM	57.87
d Unico Inv. Fund	DM	68.62
m Unifrod SUS	$	1082.16
m Unifrod FF	FF	11159.44
m Unifrod SF	SF	1098.61
d Univers Bonds	DM	139.30
w Vanderbilt Assets	$	15.81
m Victor Futures Fund	$	228.00
w Wilier Asian Fund	$	18.27
w Willerbond Capital	$	14.60
d World Balanced Fd S.A.	$	12.76
w Worldwide Securities	$	37.48
w Worldwide Special	$	833.90
m Zweig Int'l Ltd s/s	$	10932.00

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NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

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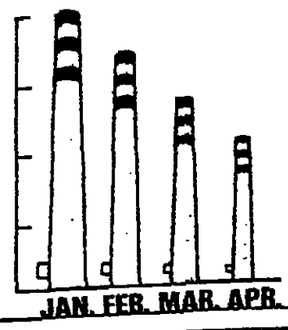

(Continued on page 11)

NYSE Highs-Lows

NEW HIGHS 72

AlcP 94pf, AmBusPrd s, CML Gp, DoryPL pfF, EnsteadCo, FstBkSy, GaPw 772pr, Hyperion, IllPw 85pf, Ionics, LizClaibrn, MillHoare, Ohio 82pf, PierMrny, RJR Nab pf, SeaCntL 1d pf, USX cdf pf, Unitrind, AlbCulA, AssetInvst, CNtudGas pf, DeanFoods, Ecolab, FstFinsBa, GelCo, Honeywl s, IllPw 45pf, IllPw 8pf, KansCtyPL, Lydall, MinnPL, Omnicare, PolicyMan n, RLI Corp, SmithsFD, UniFl, UnIVFd, AllegCo, BarnesGp, CNtudGs, DualL1 210pf, FstFinsBa, GenHost, HomeKTel, IllPw 47pf, IllPw 6pf, IntiPower, KCPL 3.80pf, MarionMDw, NiagM Pow, PS Group, PSEG 4.90pf, RP Rsr n, Square D, UnCamp, VaEP 7.20pf, AmBrands, BlackBld, ChevEl pf8, Edwards, FstFnse 2.07, GPU Co, HousePob, IllPw 6.64pf, IntrstPw pr, KCPL 7.80pf, Measurex, NuvoCal, PoPL 5.88pf, PSEG 6.88pf, RollIns, SymbITch, UnEl 8pfL, Vivra s

NEW LOWS 2

Pimlands n, Publick Ind

AMEX Highs-Lows

NEW HIGHS 22

AmTr-shp sc, ElonCp, FoundMHlt n, GSullivan, Raven, ThermoInst, AmTr-usp prm, Elon un, GlnMcrwve, PoseEnt 475p, SJW, WiscPL pf, BergstrmCaa, EntPup, KoalaTch, PreldHlth, SeabrdCo, BioRad A, Epitope n, HoindPS pf, Quaserar s, StashyChnl

NEW LOWS 5

DowChm rt, WshnEns n, LecaInd, RhoneP rt, TabProd

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ADVERTISING SECTION

THE UNIQUE MOVE

SECOND IN A SERIES

Portugal 1992

Investment Helping Nation Realize Full Potential Of Its Resources

Maintaining better-than-average growth without excessive inflation is Portugal's main economic challenge. This issue looks at entrepreneurs large and small who have found innovative solutions to the problem, and tours Lisbon's varied restaurants, where fine cuisine and local wines remain eminently affordable.

ASSOCIAÇÃO INDUSTRIAL PORTUENSE
SEE PAGE II

Banco Borges e Irmão
SEE PAGE III

The projects abound: powerful extracting machines, laboring night and day 600 meters (almost 2,000 feet) below the rolling plains of southern Portugal, are lifting more than half a million metric tons of copper concentrate a year from Western Europe's largest copper ore deposits.

Later this year, an $80-million paper mill, among the biggest in Europe, will start rolling in the central town of Figueira da Foz, reaping a richer harvest from Portugal's 7.5 million acres (3.2 million hectares) of forest than can be earned from pulping trees to feed foreign mills.

A series of major investments by car manufacturers is boosting the growth of automotive component exports from Portugal by more than 30 percent a year, at the same time bringing new life to the long-depressed shipbuilding port of Setubal, where most of the projects are based.

Representing a total investment of more than $1.5 billion in themselves, these enterprises are only part of a massive investment effort that is helping Portugal realize the full potential of its natural and human resources. Advances in industry are being matched by equally dynamic developments in other sectors.

"We have witnessed a dramatic transformation of Portugal's industrial base, financial systems and infrastructures over the past five years," says investment strategist Joao Rendeiro, managing director of fund managers Gestifundo. "Everywhere you look there have been major structural improvements that will provide a foundation for further growth in the 1990s."

But despite unparalleled investment, manufacturing has been unable to keep pace with voracious domestic demand. An overheated economy has pushed inflation up four points over the past three years to 13.4 percent.

Analysts say control over rising prices must be quickly asserted to maintain Portugal on a course of steady growth.

"Fighting inflation is our number-one priority," says Antonio Borges, deputy governor of the Banco de Portugal, the central bank. "If it fails to decelerate soon, it will become our second, third, fourth and fifth priorities as well," he adds.

Stimulated by political stability and EC transfers representing some 3 percent of GDP a year, gross fixed-capital formation has been growing at an annual average of 12 percent for the past four years and is forecast to increase a further 6.5 percent in 1991. This investment is the drive behind six consecutive years of economic growth. GDP is forecast to increase 2.5 to 3.5 percent this year, slightly behind 1990's 4 percent.

Average GDP growth from 1987-90 was 4.5 percent; a full 1.25 percentage points above the EC average. Alfredo de Sousa, an economics professor at the Universidade Nova de Lisboa, believes that "the Portuguese economy will continue to grow one to two points faster than the Community average over the next five years."

Record levels of investment, focused on preparing the economy to compete within the single European market, are helping Portugal close the development gap that is currently separating the country from the mainstream of the Community. GDP per capita, forecast to reach $7,000 this year, has doubled in four years. Prime Minister Anibal Cavaco Silva has set the country the challenge of doubling it again by the end of the century.

Even at this headlong pace, Mr. de Sousa estimates Portugal will take another 35 to 40 years to reach average European standards of economic development. Disheartening as that may sound to the eager Portuguese, it would be a remarkably short period in history for a country to make up for centuries of economic stagnation. And every step forward is producing palpable benefits today.

Booming foreign investment, which grew 46 percent in 1990 to 509 billion escudos ($3.7 billion), is leading industry into more technologically sophisticated export sectors such as automobile components, electronics and fine chemicals, easing the economy's dependence on the lower value-added sectors of textiles, footwear and food processing. This has pushed export growth above the most optimistic expectations to an average of 15 percent over the past two years, despite appreciation of the escudo.

This trend, together with strong growth in tourism and emigrants' remittances, resulted in a $50-million current-account surplus in 1989, not the deficit of $550 million originally recorded by the Banco de Portugal. The 1990 deficit is not expected to rise above $600 million, less than half earlier forecasts and representing only 1.2 percent of GDP.

Even the war in the Gulf is considered unlikely to upset growth trends in Portugal. Finance Minister Miguel Beleza has said simulations of several possible scenarios indicate that even if oil prices approached $40 a barrel, no economic indicator, including inflation and growth, would suffer a negative impact of more than one percentage point. The $22 billion in foreign currency and gold reserves Portugal has accumulated also provide ample reassurance against any threat of recession.

But EC membership has triggered more than an investment explosion. The availability of a far wider range of consumer goods imported from the rest of the Community, combined with exposure to the consumer patterns of other EC countries, has produced what economists like to call the demonstration effect, more commonly known as "keeping up with the Joneses." Whatever the term, the result is excessive spending. Private consumption is rising faster than GDP growth, while Portugal's savings rate has fallen from 28 percent of disposable income in 1983 to 18 percent now — although it still remains the highest in Europe.

Inevitably, prices have risen. "Enthusiasm for growth has led to a significant worsening of inflation," says Victor Constancio, an economics professor and former governor of the nation's central bank. The gap of almost eight percentage points separating Portuguese inflation from the average EC rate is now the widest gulf that Portugal has to cross before it can participate fully in the new Europe.

The government has set a 1991 inflation target of 10.75 percent, but some economists believe the rate will not fall below 13 percent. Establishing a firm downward trend for inflation is essential for Portugal's entry to the exchange-rate mechanism of the European Monetary System. Analysts fear Portugal could be left out of the process of European integration and abandoned in the slow lane of a two-speed Europe if it fails to enter the ERM parity grid shortly. But it cannot afford to risk the damage to exports that would result from the combination of a strong escudo and high inflation.

Weaker export growth in 1991 as a result of the Gulf war should lead to a transfer of production from the external to the internal market, helping to ease the domestic demand pressure that has been forcing up inflation. The drop in the price of oil predicted for when the conflict ends will also have a positive influence on consumer price rises in Portugal, which depends on imported oil for 68 percent of its energy needs. The authorities will also maintain tight monetary and aggressive exchange-rate policies.

Peter Wise

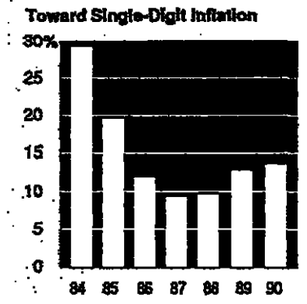
The ancient fishing port of Sines is also the site of modern petrochemical installations.

JEAN-CHARLES FINHEIRA

ALBERTO PRADILLHA

Anibal Cavaco Silva, Portugal's prime minister.

Toward Single-Digit Inflation



Government target for 1991: 10.75%. OECD forecast for 1991: 12.0%.

Source: Business International

PERSONALITIES

Literary Voice of His Nation

When the crowd applauded the performance of "Baltasar and Blimunda" at La Scala in Milan last year, tribute was also being paid to the tall, thin, quiet author of the novel on which the opera was based — Jose Saramago, 68, Portugal's most famous living writer and his countrymen's hope for a Nobel Prize in literature.

In the late 1950s, Mr. Saramago began his professional life as an executive in a small, traditional publishing company, Estudio Cor, which published his book of poems, "The Possible Poems," in 1961. This largely ignored book was the beginning of one of modern Portugal's most successful literary careers.

Born into a poor farming family from the province of Ribatejo, not far from Lisbon, Mr. Saramago left school early but has now been awarded honorary doctorates by several Portuguese and foreign universities.

He worked as an editor for the respected Diario de Lisboa, a Lisbon daily, and after Portugal's revolution was chosen to become the editor-in-chief of Diario de Noticias, the country's leading newspaper. A committed Communist, Mr. Saramago was accused of converting Diario de Noticias into a Communist instrument, a charge he denies. He eventually published his editorials as "Notes," his most recent best-seller. Today, although no longer active in the political arena, he supports the liberalization of the Communist party.

PEDRO LARTIGA

Mr. Saramago's works are best-sellers in Brazil, Angola, Mozambique and various Spanish-speaking countries and have been translated into 22 languages. "I became a professional writer thanks to the ban the right-wingers put on me after I edited Diario de Noticias," he confesses. "I couldn't find a job, and writing and selling my books was the only way."

His best-sellers include "The Year of the Death of Ricardo Reis" (1986), a novel based on the life of an artistic dilettante who is perhaps a figment of Portuguese poet Fernando Pessoa's imagination. This fantasy-filled, ironic book was recently published in English.

A compulsive writer and a disciplined worker, Mr. Saramago writes against the clock on his computer in the flat where he lives with his Spanish wife Pilar, a correspondent for Madrid television and Spanish magazines. Mr. Saramago is now writing "The Gospel According to Christ," his next novel, and says he still has "a couple of books to write before resting in peace." **Joachim Letria**

Group Buying Schemes a Boon to Developing Countries

In the decade since Portugal's first auto-group-buying scheme was launched, local customers have taken delivery of more than 35,000 motor vehicles, and the industry has flourished into a 12-company business grossing an accumulated 90 billion escudos ($677 million) by the end of 1990, with growth predicted.

So profitable has the operation proved that Portuguese entrepreneurs plan to spread the good news by showing the Hungarians how to do it. Thus has come about an unusual transfer of technology, with Portugal, one of the EC's poorer members in terms of technology, poised to make a valuable transfer to a country that "is where we were 10 years ago when I introduced the idea here," says Jaime de Lacerda, managing director of Lubritex, Companhia Gestora de Compras em Grupo Lda. and deputy chairman of the association for group buying in the country. He says more than 75,000 Portuguese have used these schemes to purchase consumer durables — mainly motor cars — since his company first imported the idea from Brazil in 1981.

Group buying schemes bring together a fixed number of buyers (in the case of cars, 118 participants) who over 59 months each pay regular installments calculated on the cost price of the vehicle, increased by a 2-percent administration and running charge. Two vehicles are delivered to participants every month, one in a draw and the other auctioned to the highest bidder. At the end of 59 months, with every participant supplied, the group is closed. The enterprise provides 20 percent gross profit over the full period on the total sum involved in the group.

Drawbacks include difficulties with the supply of cars or other targeted consumer goods. In Portugal, Mr. Lacerda's first group was restricted to providing an Opel Kadett — no color choice — to each participant. It was the only vehicle for which the importer could guarantee a regular supply, due to then-tight import controls.

Group buying schemes have flourished in Brazil for 25 years, offering everything from private airplanes to houses. At the end of 1969, Pelé, one of Brazil's most famous soccer players, announced he was investing US$1 million in a group to be called O Rei (The King), his nickname. His company forecast a 1990 turnover of $20 million from some 8,000 members organized into 80 buying groups for used cars, motor bikes, consumer goods and prefabricated houses.

Mr. Lacerda brought the technology to Portugal at a time when the national economy was in considerable difficulty, with purchasing power low by European standards and pent-up consumer demand waiting to be tapped. In 1984, 33 percent of the 1,136,000 passenger cars on Portuguese roads were more than 10 years old.

Group buying schemes, which offer very low interest charges in comparison to traditional financing, work well in developing economies, according to Mr. Lacerda. In 1981, Portugal was burdened with the after-effects of widespread nationalizations, post-revolutionary distortions, social upheaval and severe IMF austerity measures. "Just ripe for such a business," says Mr. Lacerda.

The group buying sector has today evolved into a para-banking activity, strictly regulated by the Bank of Portugal. The country is the only member of the EC with such a system in operation, but since its 1986 entry to the Community, the financial markets have blossomed with imaginative products that Mr. Lacerda admits are likely to put an end to auto group purchase schemes. The attractive interest rate (2 percent above the inflation-adjusted final price of the targeted good), however, means that the severely undersupplied housing market is the next target for takeoff, he says.

Jaime de Lacerda, managing director, Lubritex.

With its economy booming and the group buying technology well tested, one leading Portuguese firm, Poligrupo-Vendas e Administração de Grupos de Bens de Consumo SA, has decided to transfer the technology. It is currently tying up the details of a joint venture with the Hungarian state institution Magyar Hittel Bank, designed to group-sell West European-assembled cars to Hungarian consumers.

The company, to be designated Poligrupo KFT, will place a Portuguese director in Budapest along with his Hungarian counterpart. Each party has a 50 percent stake in the new company, which forecasts a turnover of $2 million to $3 million by the end of the second year. At first, according to Carlos Presas, the man behind the deal, it will concentrate on selling cars. Later it could extend the range of consumer goods and spread to other former East bloc countries. The value of the joint-venture investment is still being finalized.

The transfer of Portugal's group-buying technology and know-how to this part of Europe is expected to prove profitable, says Mr. Presas. The only problem could be securing a supply of cars.

For the same reason, the industry has yet to launch similar activities in countries like the former Portuguese colony of Angola. But Lubritex's Mr. Lacerda says that once the war there is over and regional relations improve, a major market could well open up, with cars being supplied from the big South African assembly plants.

Ken Pottinger

ADVERTISING SECTION

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Committed to Supporting Industry

A standard-bearer for Portuguese industry abroad and a promoter of excellence at home, the Associação Industrial Portuense draws a special entrepreneurial vitality from northern Portugal, the dynamo of the national economy.

Founded 142 years ago in Oporto, AIP embodies the drive of northern industries, which account for almost two-thirds of total exports and are largely responsible for the resurgence of private enterprise in Portugal.

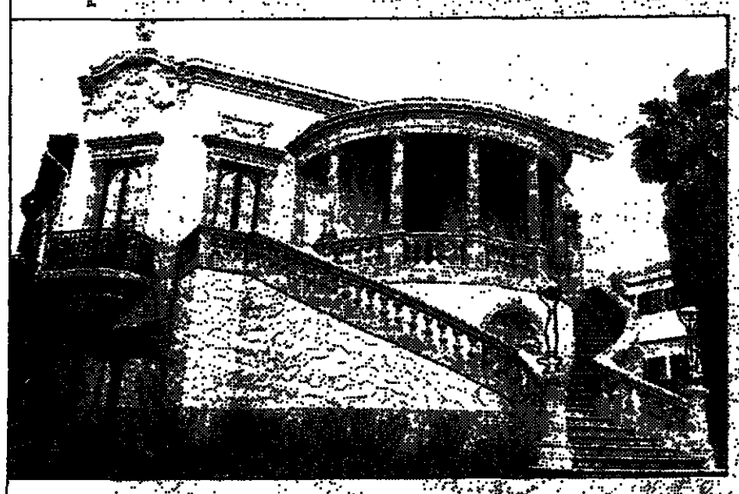
As the largest industrial association in the country, with more than a quarter of its 1,000 member companies based in the south, AIP is also a leading representative of Portuguese industry nationwide.

The association's decisive role in promoting corporate interests and furthering economic development has been achieved through pioneering work in organizing trade missions and exhibitions, providing professional training, running comprehensive business advisory services and lobbying the government.

AIP is run for entrepreneurs by entrepreneurs as a model of the management skills it promotes. Half of the full-time staff of 100 are university-trained. Day-to-day administration is handled by salaried executives.

But strategy is planned by a management board comprising some of Portugal's leading businessmen, who work voluntarily. "The results the association achieves on behalf of entrepreneurs more than justify the sacrifice of our time," says AIP President Angelo Ludgero Marques, a successful Oporto industrialist.

AIP is run as a non-profit organization. But true to its calling as a pacesetter for management efficiency, the association turns in a tidy annual profit — 315.8 million escudos ($2.3 million) in 1990 — which is wholly reinvested. More than 40 percent of the association's income derives from the organization of trade fairs at Exponor, Portugal's largest exhibition center, which is 100-percent owned and managed by AIP. Close to 20 of the country's leading trade fairs are held every year at the center in Matosinhos, outside Oporto.



This summer, construction work will begin on AIP's Europarque, a large business, congress and exhibition center covering 50 hectares (123 acres), designed to complement Exponor. The center will provide Portuguese industry with promotional and support facilities to match the best and biggest in Europe. More than 20 billion escudos will be invested in Europarque, with the first phase due to be completed in 1992.

Located at Vila da Feira, 30 kilometers (19 miles) outside Oporto on a eastern highway, Europarque will serve four economically strategic regions of Portugal — Aveiro, Coimbra, Oporto and Viseu. Most of the financing will be provided by the EC. The Lisbon government is also giving direct support, but AIP itself will need a significant part of the cost.

"The Europarque project is a demanding challenge that places AIP at the forefront of the business community in preparing for European integration and the internationalization of the Portuguese economy," says Mr. Ludgero Marques. "The complex will improve Portugal's competitiveness by providing companies with an infrastructure to develop international trade and investment."

AIP pursues the same objectives in organizing trade missions that place Portuguese entrepreneurs in direct contact with potential foreign clients and partners. In January, for example, more than 40 executives representing 32 top companies participated in a five-day AIP mission to Angola. Other missions planned for this year will take businessmen to the Cape Verde Islands, France, Hungary, Spain, Turkey and the United States. In recognition of its role in bringing companies together, AIP has been chosen by the EC Commission as an organizer of this year's Eurosportcontact, an annual forum — to be held this year June 17-19 at Exponor — aimed at stimulating cooperation between the companies of a specific European region with their EC counterparts.

Aware that the development of Portuguese industry depends not only on expanding exports but also on improving performance, AIP is a leading provider of professional training. The association created Portugal's first industrial school in 1852 and today draws on a large pool of teachers to supply year-round training, aimed mainly at university and pre-university students, middle-level managers and technicians, executives and entrepreneurs.

In 1992, AIP will launch the Instituto Empresarial Portugues, the Portuguese Management Institute, which will initially give masters courses in business studies. As part of an association policy to become independent of EC support for professional training within two years, the institute will not be financed by Community grants.

In addition to training, AIP provides a comprehensive information and analysis service, offering members expert advice on legal and labor issues as well as keeping them informed of EC developments and the latest international and domestic economic statistics and their implications.

Peter Wise

Furthering Interests of Entrepreneurs

Angelo Ludgero Marques, president of the Associação Industrial Portuense and a leading entrepreneur, talks to Peter Wise about the future of Portuguese industry and the role of AIP.

In what ways are associations such as the AIP contributing to Portugal's economic development?

For a long time the role of industrial associations in Portugal was mainly confined to labor negotiations. In the 1980s, the AIP and other bodies began to assert themselves as dynamic forces in a broader economic and technical sense. But it is only in the last three or four years that Portuguese entrepreneurs have begun fully to realize the advantages that these associations provide in defending and furthering their interests.

Providing important support facilities such as the Exponor and Europarque projects, as well as our professional training and information services, have brought home to industrialists the importance of associations with the organizational and financial means to provide infrastructures and services that individual companies would not have the capacity to support.

Another important factor is the consideration and respect that the government has for associations like AIP as national representatives of industry that put forward constructive criticism and practical solutions to problems. The AIP constitutes a strong lobby force, with permanent services based in Lisbon to accompany the dossiers that concern us and make our voice heard by government decision-makers. And we are producing results.

How does AIP approach lobbying, and what are your main concerns?

We believe the best way to lobby is to carry out successful projects and initiatives ourselves. These will be recognized by the government as a contribution to Portugal's development and give us greater weight in influencing policy.

As an association that originates from Oporto, we would like to see a larger proportion of infrastructure developments and economic initiatives focused on the north. The north has shown itself to be the locomotive of Portugal's economic growth and should qualify for more support in terms of roads, rails, ports, airports and telecommunications.

We believe development funds and projects are being too equally distributed across the country. If you have two factories and one is more productive than the other, you invest more in the one that produces more. We want the government to invest more in the north. Some advances have been made, but there is still much to be done.

It is also vital to build a fast, modern highway and a railroad linking the north of Portugal directly to the center of Europe. There is a tendency to divert trans-European roads toward the south. But if Portugal is to be an integral part of Europe, we need direct communications between our industrial region in the north and the heart of the Community. The more investment that is made in northern Portugal, the more Spain will be inclined to favor a northern route for such links.

How should Portuguese industry prepare for competition within a single European market?

Companies should be concerned with acquiring a structure that will give them the flexibility to adapt quickly to rapid changes in the market, not only fluctuations of demand but also changes resulting from political and social evolution within Europe as well as exchange-rate alterations. Our companies don't need to grow to the size where they become rigid.

Flexibility has to be accompanied by investment in technology, both in production and management. In the past, too much attention has been given to production technology at the expense of management technology. Our companies are now beginning to realize that they need to attach much more importance to modern management methods than they have been, but we should not neglect our traditional technological skills. In a protective combination with modern technologies, they will continue to play a very important role.

The element that is fundamental to achieving all these objectives is close, trained people. The 1974 revolution produced an education system that neglected professional training, that left Portugal with a severe shortage of qualified technicians, managers and skilled workers. Significant advances are now being made, in which AIP is playing an important role. I am convinced that in five years' time professional training in Portugal will have reached an adequate level.

Designing a Future for The Textile Industry

Like many of the 2,000 textile companies in northern Portugal, Scottwool Malhas e Confeccoes SA is a family affair. Little else is typical about the enterprising knitwear business that is pointing the way forward for a sector in transition.

Antonio Antunes dos Santos.

Chairman Antonio Antunes dos Santos has used his 32 years of experience in the industry to establish a successful international label that adorns stylish woolen garments in the world's leading stores, from Harrod's in London to Bloomingdale's in New York. Scottwool's own collections of fashionable lambswool suits, mohair sweaters and sleek cashmere cardigans are designed by Teresa Raquel, a couturier trained at the world's leading fashion school, L'Ecole de Haute Couture in Paris. She is also the chairman's daughter.

The company's manufacturing plant in Figueira da Foz is equipped with the latest computerized knitting technology from Britain and Italy, operated by 300 workers under the direction of a textile engineer who graduated from a specialist university in Leicester, England. He is the chairman's brother, Antonio Manuel Antunes Santos Pinguel.

The foresight this family enterprise has shown in investing money and effort in marketing, design and technology has elevated Scottwool to the top rank of Portugal's clothing industry and assured its immunity from the difficulties threatening many less forward-looking companies.

Textiles are the lifeblood of Portuguese industry. They not only account for 30 percent of export earnings, bringing in 700 billion escudos ($5 billion) in foreign currency last year, but also provide jobs for a quarter of the industrial work force. No other EC country is so dependent on a single sector. But many textile companies are tiny concerns — less than 20 percent employ more than 100 workers — whose owners lack the know-how and financial capacity to upgrade technology, modernize management methods or professionally train workers.

"There are textile plants in Portugal as modern and productive as the best in Switzerland," says economist Alfredo de Sousa. "There are others that haven't upgraded their machinery for 30 years." The sole competitive advantage of these companies is low wages. Portuguese textile workers can earn as little as $2 an hour, compared with $14 dollars an hour in some other European countries. But the dismantling of the Multi-Fiber Arrangement, which protected the West's textile industries, and the easing of restrictions on textile imports into Europe through a reformulation of the General Agreement on Tariffs and Trade (GATT) will expose Portuguese companies to increasingly tough competition.

Other competitive pressures will result from the single European market planned for 1993. In sectors such as textiles and clothing, Mr. de Sousa estimates only 30 to 40 percent of companies will survive the process of natural selection forecast for the 1990s. "A further 30 percent may be recoverable if they are taken over by modern managements prepared to inject capital into new technology," he says.

By the year 2000, the government fears 45,000 jobs could be lost in the northern textile-producing region of Vale de Ave alone. Industry Minister Luis Mira Amaral says 750 billion escudos need to be spent on modernizing the sector over the next 15 years. He has requested EC aid for a restructuring program.

"Successful evolution for our clothing industry means specializing in subsectors where quality, design and creativity are the competitive factors," says Mr. Antunes dos Santos. That requires heavy investment in professional training, marketing and advanced technology, at the level of both production and management.

That is very much the formula Scottwool has followed since the company was founded in 1982. The original strategy was to export 20 to 30 percent of production, but when the domestic market plunged into recession in 1984-85, the company turned to the United States and Canada, whose strong dollars helped push Scottwool's export quota up to 65 percent. Since Portugal joined the EC in 1986 and European currencies grew stronger, the company has focused on sales in the Community. Scottwool has invested from the beginning in advanced technology, top-quality natural yarns, permanent professional training and a highly qualified design department.

The hardest struggle has been establishing the Scottwool label. Companies are faced with overcoming a misconception in foreign markets that all Portuguese clothing falls into the low-quality, low-price "jeans and T-shirt" category. According to Teofilo Pinto, president of the Portuguese Association of Clothing Manufacturers (APIV), this lack of a good image abroad is the main problem facing the sector.

Scottwool has overcome the difficulties and succeeded in putting its own label on the racks of major stores across Europe, North America and Japan, but the path Scottwool has trod will not be easy for many of Portugal's clothing companies to follow. Interest rates of around 30 percent for small firms make investing in technology, training and high-quality raw materials a heavy financial burden. APIV has called on the government to provide a sum equivalent to 5 percent of the positive trade balance in the textile and clothing sector to help small and medium-sized companies. Mr. Antunes dos Santos says, "Portugal could use its vocation for textiles to join Italy as one of Europe's leading tailors."

Peter Wise

Revolution — And Afterward

Travessa de Fala Só — Talking to Oneself Lane — is a central Lisbon alley where scruffy kids dodge a football among anarchically parked cars and buildings are sadly unkempt. Partway down this dead-end street is the national headquarters of the Parcido Renovador Democrático — the Democratic Renewal Party.

Building on a varied past for a successful future.

The grandly named group is apparently impervious to the unintentional humor of its address — that much more poignant because few mainstream political parties bother to talk with its scant seven parliamentary deputies about anything significant. The paradigmatic PRD is but one of a prodigious list of small organizations that have colored Portugal's recent political history in response to the earlier repression of political freedoms.

It is a history that began at dawn one April day in 1974 when a leftist military coup almost bloodlessly bundled a 48-year-old, anachronistic regime out of power and then, hair-raising twists and turns later, steered the country toward democracy. Inevitably, many of the parties have fallen by the wayside, but new ones continue to spring up — among the latest crop are an Old Age Pensioners Party that says it has more time on its hands than anyone else to fight causes, and an Anti-Tax Party, which faces some difficulty in getting legalized. The post-74 atomization of the political scene was once taken as an indication of the highly individualistic nature of the locals. More prosaic observers suggest it was a case of too many would-be chiefs and far too few Indians.

Despite all this, Portugal is today a stable, moderate democracy. Power is shared between a popularly voted head of state — currently the former Socialist Party leader Mário Soares — and an elected 250-seat parliament, presently dominated by the Social Democrat Party. But getting to this equilibrium has been a struggle.

Democracy is not inborn, and learning it after the half-century-long domination of a dictatorship brought trauma and turmoil. For 18 months in 1974, Portugal hovered on the edge of becoming NATO's first People's Popular Republic, as Marxist-indoctrinated military and pre-perestroikan Moscow-line communists took power to the streets.

The immediate post-revolutionary period may now seem a distant and curious episode, especially to the generation of thrusting yuppies presently bustling on the business and social scene here. But, 17 years later, its aftereffects are still felt, if only in the financial burdens that successive governments have had to manage and that continue to strongly influence monetary and economic policy.

Those early days were troublesome. The 1976 constitution, the most left-wing charter ever adopted by a NATO-member country, enshrined socialism, made nationalizations irreversible, promoted labor rights and power and paved the way for considerable economic and social dysfunction.

Politically, the country roller-coastered through a succession of short-lived governments and ensuing chronic instability. Economically, it twice tightened its belt under International Monetary Fund-imposed austerity programs, having astounded outsiders with some of Europe's most disturbing financial scores: foreign debt at the end of 1982 stood at $14.5 billion, or 72 percent of GDP, and the balance of payments deficit at that time was $3.2 billion, or 13.5 percent of GDP, the worst in the nation's 800-year history.

As one noted writer on Portuguese affairs recorded in a late-1989 report, "Debt servicing and public-sector wage bills burn up 85 percent of national annual revenue. The need to finance this debt distorts available credit, pinches funds for reviving the private sector and is responsible for at least 4 to 5 percent of underlying inflation a year."

This, then, was the "erosive economic legacy" left to the country by the political experimenters of those early days. It is an endowment that helps to explain many of the anomalies still plaguing Portugal.

In the light of the obstacles they faced, Portuguese voters have shown remarkable equanimity. Early extremist efforts to derail democracy were firmly spurned by more than 80 percent of the voters who, over the first decade, hovered in the center, consistently backing economic, educational and social reform and rebuffing dogmatism. In 1974, at the country's first-ever free election in nearly half a century, fully 92 percent of the six million registered voters turned out to give an impressive embrace to the democratic procedures denied them for so long. Ever since, voter turnouts have been consistently well above European norms.

The time warp that enveloped this country was a deliberate policy by long-reigning Thomism-influenced dictator António de Oliveira Salazar (1932-1968), attenuated by the effects of an attitude of "orgulhosomente só" (proudly alone) with which it faced down global condemnation of its colonial African wars and its reluctance to dismantle its empire at a time when every other power had shed its colonial-era possessions. In mute testament to Salazar's failure, more than three million of his people lived in a diaspora of emigrants scattered around the world. The war, which chewed up half the state's budget each year until the 1974 coup, left Portugal drained, exhausted and chronically wanting in virtually every modern state need — basic infrastructure, compulsory schooling, research institutions, modern industry, a sophisticated economic framework, decent medical, health and social welfare services, urban renewal and so forth.

There was also a massive inflow of refugees from the five former African colonies — some one million people, or 10 percent of Portugal's population. The absorption of this huge influx represented a major drain socially and economically, but it was achieved with remarkable smoothness. In part this was done by doubling up public-service posts, heavily bloating the bureaucracy and burdening state-owned banks and other institutions with as much as 50 percent more staff than they required. These effects are still felt today and are not easily resolved.

The transformations that have taken place in the last 17 years are thus little short of miraculous and, despite many shortcomings, the country has shown an extraordinary will to beat its handicaps. It has been a largely unsung victory — such is the nature of constitutional rather than revolutionary change — but, for all that, no less real and durable.

Ken Pottinger

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Belmiro de Azevedo: Northern Dynamo

Portugal's industrial north has a reputation for going its own way, faster than Lisbon. Under EC pressure, internationally oriented northern entrepreneurs are building up for 1992 by diversifying assets, hiring graduate managers, fine-tuning production and abandoning the old tradition of hermetic family management.

COURTESY OF SONAE

The epitome of this phenomenon is Belmiro de Azevedo, now 52, chairman of the Sonae Investimentos holding company. During the past 25 years, he has built up Sonae from a near-bankrupt little company making hardboard and formica to a spreading empire that in 1990 passed the 150-billion-escudo ($1 billion) turnover mark.

"We are now second only to Electricidade de Portugal and Petrogal in turnover — and they're state monopolies," says Mr. de Azevedo, a fast-talking dynamo who turns his hand as easily to university lecturing as to lecturing the government about credit squeezes or dealing with European corporations seeking joint ventures with the man who often graces the covers of Spain's business magazines as the model of modern Portuguese enterprise.

Today's Sonae has 75 companies, focused on six strategic areas: industry — still strongly associated with the company's first vocation, timber products — retail and distribution; real estate; systems and software; hotels and tourism; and transport and travel. Fixed assets and investment exceeded 177 billion escudos in 1989.

"We made it with sweat, inspiration and some luck," Mr. de Azevedo says. "I started work in 1964 in an old-fashioned cotton mill, after I gradnated as an engineer from Oporto university," he explains. "I could see it was hovering on the abyss: no strategy, no managers — nothing but a name. It wasn't' for me."

The following year, Mr. de Azevedo went to work for the Pinto Magalhaes family, Oporto owners of a bank and building industrial group that included little Sonae, then worth 5 million escudos (then $200,000), with 80 employees. "Sonae was in bad shape — its products weren't selling," says Mr. de Azevedo. "They hired me as a troubleshooter. I was pretty young for the job, but they gave me my head. We turned the place around, and for nine years expanded in the range of timber products — into resins, chipboard and other furniture-industry products."

The Pinto Magalhaes' assets were nearly all nationalized following the revolution, and the family left the country, leaving Belmiro de Azevedo with a little packet of 17 Sonae shares — the acorn from which today's huge group has grown.

Mr. de Azevedo fought off the state "Like Don Quixote defending his lady," he says. Things finally cooled down; Afonso Pinto Magalhaes came home and offered his loyal employee 20 percent of the 20 percent of Sonae held by the family.

Eventually, Mr. de Azevedo performed Portugal's first leveraged management buyout in 1981 with the help of Lloyds Bank.

After the revolution, Mr. de Azevedo says, "We started to put our ideas into action. We entered Sonae's phase two — major diversification. We were doing well in timber products. In the early '80s we looked around and saw that retail and distribution were badly neglected; stores were badly stocked and badly designed. We studied possible role models like the United Kingdom and France: we opted for the French. They move fast, and we had to occupy space before the competition moved in," he explains.

Sonae formed a joint venture with France's Continent (Promodes). They pioneered Portugal's hypermarkets, first in Oporto, then the Lisbon area and now nationwide. More Franco-Portuguese deals followed, with Prisunic and Printemps, for shopping malls and department stores throughout the country.

"The hypermarkets broke new ground and were so successful it was a madhouse," says Mr. de Azevedo. "Traffic jams; pent-up consumer urges exploding. We dealt with such huge volumes we could sell cheap. We actually helped to bring retail prices down 6 percent and cool inflation."

Sonae is now Portugal's biggest retailer and distributor, and hypermarket sales now account for 70 percent of group turnover, compared with 30 percent only a few years ago. Other growth areas are computer systems — another innovation for Portugal — and specialized real estate for shops, malls and markets.

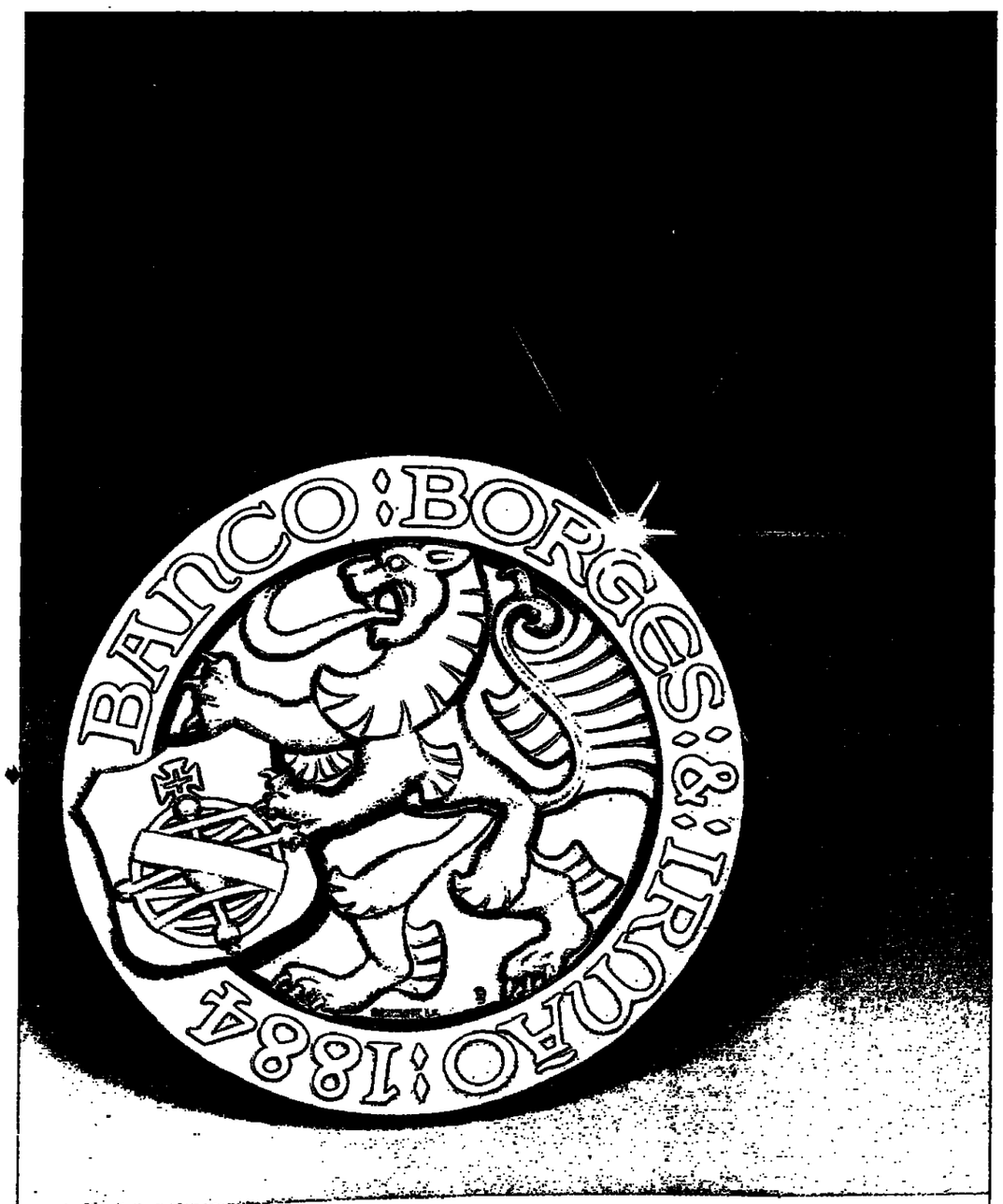
"Sonae will soon have 16,000 employees. That makes us Portugal's biggest employer outside the state sector," says Mr. de Azevedo. "I take my managers from Oporto university or the new MBA school — which we sponsor. I give employees a percentage of their wages to spend on outside training courses of their choice. I get 200 applicants for every vacancy we have."

And there is the multiplier effect: the $450 billion escudos per year Sonae spends on supplies and services throughout Portugal. The wheel turns. As part of its diversification strategy, Sonae has now bought the old cotton mill where Belmiro de Azevedo started work in 1964; the new key area is textiles.

Belmiro de Azevedo has even launched a lively new newspaper, O Publico, with simultaneous printing in several Portuguese cities. And he has taken a stake in the partly privatized Banco Portugues do Atlantico, the better to negotiate a strong management group with Portuguese or foreign interests.

"While other businesmen were clinging to the wailing wall after the revolution, waiting for denationalization before they made a move, we got moving," says Mr. de Azevedo with no false modesty. Belmiro means business.

Diana Smith



Banco Borges & Irmão

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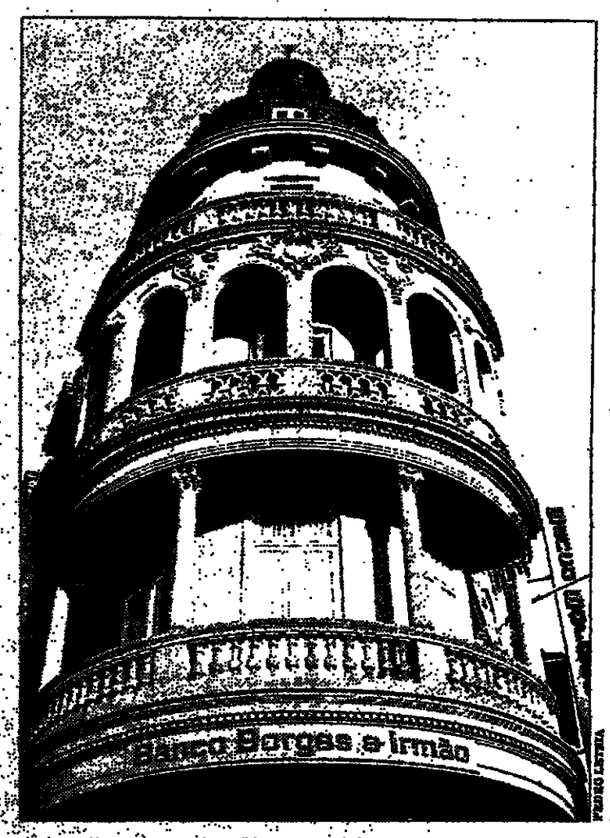
Banco Borges & Irmão

Bank Sets Stable Course for Future

Now a publicly limited company owned half by the Portuguese government and half by the Banco de Fomento e Exterior, the Banco Borges e Irmao, one of Portugal's oldest banks, has concentrated in the last year on improving its performance rather than on growth for growth's sake.



PEDRO LETRA

The bank has invested steadily in automation and has gradually cut down on clerical staff, reducing its payroll by 500 people in the three years since Antonio Tato took over as chairman, and is now pursuing a policy of hiring only highly skilled employees.

Banco Borges e Irmao is a universal bank in the commercial banking field. With its headquarters in Oporto, the rapidly beating heart of Portuguese private enterprise, the bank has strong ties with small and medium-sized enterprises. These are energetically building up their export capacity as Portugal adjusts to the competitive pressures of its new status as a full-fledged EC member.

Demand for foreign trade financing — whether for exports or imports — has boomed in recent years, and the bank has strengthened its services in this area.

Tato has not been a rush to open new branches, but now that the bank is becoming more stable and its solvency ratios are moving steadily toward EC standards, it will begin studying where to put new branches and what the size of them should be.

Banco Borges e Irmão has a presence abroad, most notably eight branches in Paris that started out catering to Portuguese emigrants there and have diversified into a combination of processing emigrants' remittances, lending to local companies — French as well as Portuguese-owned — and offering international credit.

The bank now has assets of 320 billion escudos ($2.67 million) and equity funds of 16.1 billion escudos; its net consolidated profit in 1989 was 1.38 billion escudos, compared with 765 million escudos in 1988.

The bank has stakes in a number of financial service arms, such as in Lisbinvest, one of Portugal's most successful leasing companies, in which it holds, through Sorgi, and in the Fundinvest unit trust.

In both of these it is in partnership with the Banque Nationale de Paris. It is now setting up a factoring company with the Banco de Fomento e Exterior, the peak of the pyramid of the export-oriented group to which Banco Borges e Irmao belongs.

The bank's chairman, Mr. Tato, would like to see it listed at least partly on the stock exchange. Not only would this mean an injection of capital in greater volume, but also an injection of competitiveness and a stimulus to sharper performance.

The Portuguese banking system has been relieved in the last year of the constraints of credit controls and can now offer credit on a more flexible basis, within limits that are set globally. The leading rate now averages out at a hefty 24 percent, while deposit rates hover at around 14 percent. Inflation topped 13 percent in 1990, and it is because of this sustained inflationary pressure that the government compels banks to keep within tight limits, however much businessmen grumble at the high cost and limited availability of credit.

Banco Borges e Irmao began its life serving the interests of the Borges family in the 19th century; when the family moved into the wine business, the bank followed suit. Later it was known as the "Morgan Guaranty of northern Portugal," supporting the region's budding industrial and property sectors.

Swept, like all other Portuguese-owned banks, into the state's net in the revolutionary nationalizations of 1975, the bank went through uneasy times thereafter but has now stabilized and is bracing itself for the tough competition of the EC single market, when all Portuguese banking institutions, whether private or state-owned, will find themselves challenged by their European peers with unprecedented force.

Diana Smith

1992 Promises New Banking Challenges

"I feel quite optimistic about the future, but I know that as we get deeper into the single market, the competition will get tougher and tougher. We will have to deal with banks that are bigger than we are, with products and techniques geared to penetrating our market," says Antonio Tato, chairman since 1987 of Banco Borges e Irmao.

It has been incumbent on Mr. Tato to steer the bank, Portugal's fifth largest in terms of assets, out of the difficult period when it was plagued with non-performing loans, overstaffing and weak capital structures, into a new, brighter era of more solid solvency ratios and a more competitive spirit. Mr. Tato must also steer the institution into a partnership in a new group designed by the Portuguese government to be a strong presence in the worlds of project financing, export promotion and commercial banking. The group will be made up of Banco de Fomento e Exterior, Banco Borges e Irmao and the Companhia de Seguro de Credito a Exportacao. Banco Borges e Irmao has its own financial-services activities, such as leasing and unit trusts, but Mr. Tato's view is that he wants to concentrate on the main job — banking — and on doing that well.

The market is not easy, Mr. Tato says: "This year is going to be hard. I know that ye have been saying, ever since private banking came back into the running in 1984, that each year would be a hard one, but actually things did not go that badly for the bank. But 1991 will be a hard year. The competition is getting rough, and this is going to be reflected in our cash flow at the end of the year. Banks are pushing harder for business; margins are getting tighter."

The conservative strategy used by Mr. Tato to reduce the bank's load of non-performing loans and build up its financial muscle has been boosted by capital increases after the institution was converted from a state company to a publicly limited company, with the state holding half the shares. In a year, capital rose from 5 billion escudos ($47 million) to 11 billion. Emphasis on performance and higher productivity has markedly boosted cash flow. "We were concerned with becoming more profitable, Mr. Tato says, "and our cash flow has gone from 11 billion escudos in 1989 to 30 billion escudos in 1990."

"I see banking as a race," says Mr. Tato: "You have to get in shape for the event, and that means building up your system and being prepared to run the marathon, not a short, fast sprint. If you — your bank, that is — is not in shape, you may get a terrible cramp, and the consequences are likely to be extremely serious. In the case of a state-owned bank, the government would have to pay a very high price for an institution in poor shape trying to run a tough race."

Mr. Tato believes in keeping a balance between growth and profitability. Whether the ripple effect of the Gulf War will, in time, affect this delicate balance is uncertain. "I do not see a direct effect in the offing," he says, "but, of course, there is some sign of a falling off in investment in the business community. For Portuguese companies, however, there have been some surprising bonuses — like vast orders for tires and other materials — so some things even out," he adds.

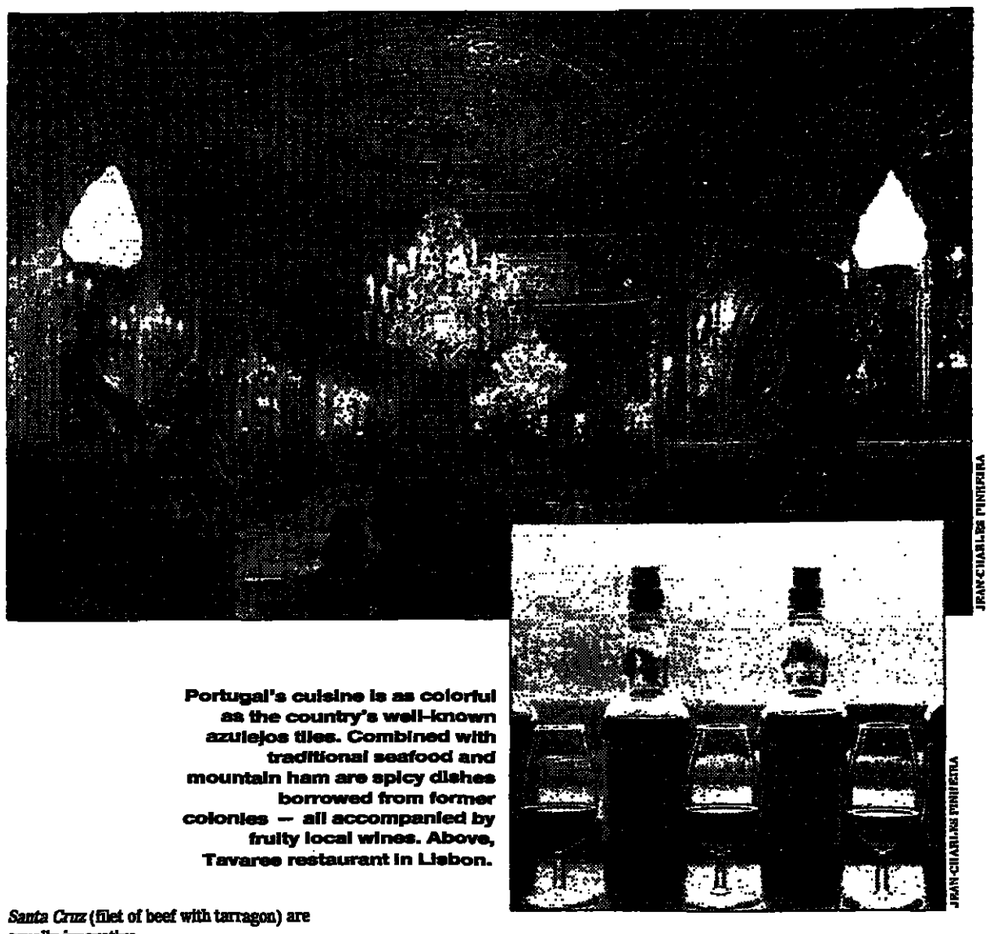
The bank is taking on new blood to help it prepare for 1992 challenges: "And this is costing us money," Mr. Tato says. "There is not just competition among banks for banking business; there is fierce competition for graduates. And now we are paying well — indeed, more and more. The problem is not to let the price of the new blood throw the existing payroll out of kilter."

Abroad as well as at home, Mr. Tato seeks balanced development for the bank. "We have eight solid branches in the Paris area that have been there for some time. We have representative offices — largely catering to Portuguese emigrant populations — in the United States, Venezuela and South Africa. In time, we may open more representative offices." Portugal is developing at a breakneck pace, according to Mr. Tato, and Banco Borges e Irmao is set to become part of that development.

Diana Smith

Lisbon's Restaurants: Sophisticated Dining and a Wealth of Cuisines

In the best tradition of the Portuguese navigators, a growing number of Lisbon chefs have been exploring international culinary trends in recent years. Refining robust regional and ethnic cuisines based on wholesome and fresh ingredients, they have added an upscale dimension to the city's existing down-to-earth delicacies.



JEAN-CHARLES PINHEIRA

JEAN-CHARLES PINHEIRA

Portugal's cuisine is as colorful as the country's well-known azulejos tiles. Combined with traditional seafood and mountain ham are spicy dishes borrowed from former colonies — all accompanied by fruity local wines. Above, Tavares restaurant in Lisbon.

One might say around-the-world delicacies. Lisbon's role as capital of the country's surprisingly diverse regions as well as its former function as the center of a vast empire that once extended to Africa, South America and Asia makes for enormous variety in its restaurants.

Dinner for two with a local wine averages $50 to $70 at restaurants listed below as "expensive," $30 to $50 at restaurants listed as "moderate," and $20 to $30 at restaurants listed as "inexpensive."

Such items as the fiery *piri-piri* sauce from Angola (its effects can be countered satisfactorily with Sagres beer, a tart Bucelas white wine from near Lisbon or any number of other regional vintages available) have become staples on Portuguese tables of every stripe, and many chefs take delectable advantage of equally exciting culinary influence from home and abroad.

Portugal's best-known chef (thanks to his frequent appearances on national television) is Michel Da Costa, whose eponymous restaurant, Michel (Largo de Santa Cruz do Castelo 5, tel. 864338. Expensive.), draws well-heeled Lisboetes to the boisterous Alfama district. His French-influenced menu could be described as "nouvelle Portuguese."

As in much of Lisbon, seafood reigns supreme, here in such dishes as *linguado bresead com porto seco* (sole in port wine), but meat entrées, among them *filete de bife Santa Cruz* (filet of beef with tarragon) are equally innovative.

Mr. Da Costa recently opened a second restaurant, *Michel Gare Marítima* (Gare Marítima de Alcântara, Alcântara Sul, tel. 678576. Expensive.), where magnificent views of the Tagus River inspire more seafood sampling. The menu here changes with the season, currently featuring dishes based on *bacalhau* (the Portuguese staple of dried cod, almost a cultural icon), sea bass, salmon, sole and lobster.

Seafood is also among the most popular entrées at Casa da Comida (Travessa das Amoreiras, 1, tel. 685376. Expensive.). In the very personalized setting of this lavishly decorated former town house, where tables are placed around a charming garden and an adjoining antique bar, Jorge Vale prides himself on his *mariscada*, a chunky seafood salad, and *casquinhas*, delicate little crabs.

The menu at the shamelessly named Sua Excelência (Rua do Conde 42, tel. 603614. Moderate.) depends on what Francisco Queiroz finds at the market each day. One recurring dream, however, is *frango Moambo*, chicken braised Angolan-style with *dendé* oil, eggplant and okra. Another African-influenced entrée is Mozambique prawns with a special peppery sauce.

Of the more traditional restaurants in Lisbon, Aviz (Rua Serpa Pinto 12B, tel. 3428391. Expensive.) is the grande dame, serving such filling dishes as *bacalhau conde de guardia* (dried salt cod and whipped potatoes au gratin) and *arroz a pato* (duck, sausage and rice fricassee) in an ornate turn-of-the-century setting.

Another old-guard establishment (founded in 1784, it is in fact the oldest) is tiny Tavares (Rua da Misericórdia 37, tel. 3421112. Expensive.), where the specialty of *santola* (spiny crab) makes its grand entrance in two sumptuous dining rooms.

Tágide (Largo da Academia Nacional de Belas Artes 18, tel. 3429720. Expensive.), started by former employees of Tavares, serves refined versions of such Portuguese classics as *sopa Alentejana* (garlic soup) in luxurious salons in the Alfama overlooking the Tagus.

In an even more spectacular setting is Casa do Leão (Castelo do São Jorge, tel. 875962. Expensive.), in the Alfama's historic landmark, the Castelo do São Jorge. Among its excellent regional selections are *presunto* (cured ham, the Portuguese answer to proscintto) from Chaves coupled with *ananás* (pineapple) from the Azores, followed by *gambas grilhadas (grilled prawns).*

Historic in a different way is Conventual (Praça das Flores 45, tel. 609196. Moderate.), housed in a former convent and offering delicious old monastery recipes such as *bacalhau com coentros* (dried salt cod with coriander) and *ensopado de borrego* (lamb stew).

The ambiance of Clara (Campo dos Mártires da Pátria, tel. 557341. Expensive.) is less cloistered, with spreading magnolia trees providing the outdoor background for such sinfully succulent grilled specialties as garlicky baby octopus and luscious lamb with green peppers.

Lisbon's role as Portugal's capital ensures an ample sampling of the country's varied regional cuisines. The city's best regional restaurant is Pap'Açorda (Rua da Atalaya 57, tel. 364811. Moderate.), which serves hearty Alentejo food in addition to its signature dish, *açorda di marisco a Pap'Açorda* (a porridgy mixture of seafood, bread, eggs and coriander), a specialty of Estremadura.

At Gambrinus (Rua das Portas de Santo Antão 23, tel. 3421466. Expensive.), Lisbon's finest fish house, you can sample sea bass prepared in the Minho way with bits of smoky ham.

Another place to reap the rewards of the Portuguese fishermen's tradition is O Pagem (Largo da Trinidade 20, tel. 373151. Expensive.), bursting with such bounty as stuffed squid, baby eels and braised salt cod.

For purists and the more adventurous, the former capital of the Portuguese empire has an unusually rich mix of ethnic restaurants. Monte Cara (Rua Sol ao Rato 71A, tel. 688738. Inexpensive.) serves the pungent, African-influenced cuisine of the Cape Verde islands.

Comida de Santo (Calçada Eng. Miguel Pais, tel. 663339. Moderate.) offers such Brazilian dishes as *feijoada*, a black bean and pork stew, and *vatapá*, a fish stew. The food of Mozambique is the speciality of Laurentina (Avenida Conde Valbom 69, tel. 760260. Inexpensive.), its already spicy seasonings hopped up even further with a judicious dash of *piri-piri* sauce.

Velha Goa (Rua Tomás da Anunciação 41B, tel. 600446. Inexpensive.) serves such Indian-influenced specialties as *xacuti*, fried chicken in a sauce of coconut milk laced with numerous spices.

Of the myriad Chinese restaurants in what is still the home capital of colonial Macao, Tun Fou (Avenida Fontes Pereira de Melo 6, tel. 577685. Moderate.) is tops, with *gambas doces* (sweet-and-sour prawns) that somehow manage to be unusual and familiar at the same time.

Dwight V. Gast

Michel Gare Marítima restaurant in Alcântara, where chef Michel Da Costa features seafood.

DISCOVERIES

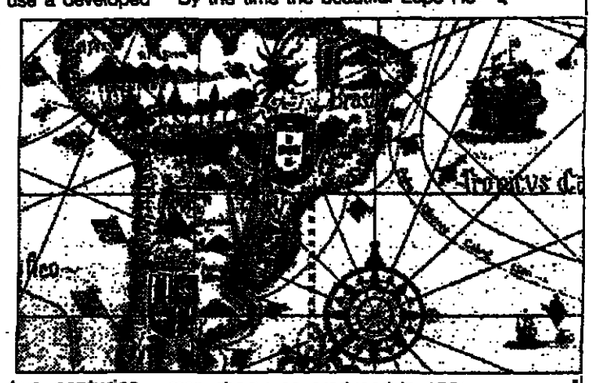
Map-Making Expertise

In 1502, the Duke of Ferrara, husband of the celebrated Lucrezia Borgia, dispatched a secret agent to Lisbon on a mission reminiscent of a cold-war spy story. The agent, a man named Alberto Cantino, was to obtain an illegal copy of the official map on which the Portuguese had recorded the shape of the known world in the light of their latest discoveries. The assignment was a hazardous one. Because they could lead ships to the fabulous trade grounds of the East, Portugal's sea charts were in effect keys to treasure on a vast scale, and they were jealously guarded. Access to them was forbidden to foreigners on pain of death.

Cantino's secret deal cost his employer the respectable sum of 12 gold ducats. The parchment chart, which is now in the Estense University Library collection in Modena, was worth the price. It not only showed all of the parts of the globe that had been explored up until then, including the discoveries of the epic Vasco da Gama voyage to India, but it was also one of a new breed of maps on which the shape and proportions of the continents and their relation to the oceans were beginning to emerge with growing accuracy.

Up until the time of the Portuguese discoveries, there were few scientifically compiled charts available, even for the well-sailed trade routes of the Mediterranean and Northern Europe. Maps that purported to show the world were largely a compound of Ptolemaic geography and pure fantasy. More realistic maps began to appear in the 13th century, principally for the Mediterranean trade routes, but they took in little more than the coastline.

From early in the 15th century, as their navigators pushed farther and farther into the unknown world, the Portuguese became the leaders in a backroom technological revolution that was to transform navigation and cartography into precise nautical sciences. The first major advance took place somewhere around the middle of the century when the Portuguese began to use a developed version of an ancient instrument called the astrolabe to determine latitude at sea, a vitally important skill. Combined with compass bearings and course estimation, it was possible to work out a ship's position and delineate coastlines with some degree of accuracy.



JEAN-CHARLES PINHEIRA

Over the next two centuries, breakthrough after breakthrough flowed out of nautical think tanks such as Prince Henry the Navigator's school at Sagres and King John II's Junta de Astronomos e Matematicos. Precise rules were evolved for plotting a ship's course, a means was developed for accurately calculating magnetic variation of the compass, solar tables for determining latitude were perfected, and the rutter, the book of sailing rules used as a guide on sea journeys, grew from a simple coastal pilot to a systematically compiled oceanic guide. In 1504, the hydrographer Pedro Reinel produced the first known nautical chart with a scale of latitudes on it, and in 1525, another Portuguese hydrographer, Diogo Ribeiro, brought out the first world map to include true compass bearings and latitude observations for coastlines.

This extraordinary theoretical effort was echoed by a burst of practical activity. Cape Bojador, the first obstacle Portuguese explorers had to pass before reaching the Cape of Good Hope, was rounded in 1434. By the time the beautiful Lopo Homen chart was produced in 1554, more than 60,000 kilometers of African, Brazilian and Oriental coastline had been surveyed by Portuguese hydrographers, and the depicted image of the world began to take on the look it has today. Strangely, although they are known to have existed, not one of the early 15th-century Portuguese charts has survived. Most of them probably disappeared in the 1755 Lisbon earthquake, which destroyed many of the nation's historical archives.

Peter Collins

Peter Collins is a free-lance journalist and travel writer based in Lisbon.
Dwight V. Gast has written about Portugal for numerous publications, including Art Auction, Bon Appétit and The Penguin Guide to Portugal.
Joaquim Letria is managing editor of the weekly newsmagazine Sabado.
Ken Pottinger, based in Lisbon, is a free-lance correspondent for a number of publications and edits an English-language economic monitor.
Diana Smith is a free-lance journalist based in Madrid who writes about Spain and Portugal for numerous publications.
Peter Wise is a free-lance journalist based in Lisbon.

The next installment of the series of advertising sections on Portugal will appear on Mar. 26.

CALENDAR

MUSICAL EVENTS

Collegio Strumentale Italiano, conducted by Gustav Leonhardt. Telemann, Rameau, C.Ph.E. Bach, Zalenka. Grand Auditorium, Gulbenkian Foundation, 45 Avenue de Berna, Lisbon. March 2, 9:30 P.M
Chamber Orchestra of Israel, conducted by Shlomo Mintz. Mozart. Grand Auditorium, Gulbenkian Foundation. March 12, 6:30 P.M.
Guitar Seminar, Academy of Music, Lagos. March 25-29.

FAIRS

Nauticampo, international boat and camping fair, 24th year, Feira Internacional de Lisboa (FIL), tel. 362-0100. March 5-11, Lisbon.
International Toy and Teaching Materials Fair, FIL, tel. 362-0100. March 20-24, Lisbon.

SPORTS

Port Wine International Rally, Estoril Autodrome, March 6-9.
Kendall Cup (golf), Golf Club, Oporto. March 31.

EXHIBITIONS

Galeria Almada Negreiros, Lisbon. Pictures selected from the archives of the National Photography Collection. To March 3.
Galeria dos Patudos, Alpiarca. Paintings of Vieira Delgado. March 1-24.
Museo Regional, Oliveira de Azemeis. Regional decorative materials, miniatures, medals, heraldry. Month of March.

BUSINESS BRIEFS

● A reception given by Antonio Neto da Silva, the Portuguese **secretary of state for foreign trade,** and the International Herald Tribune is being held on Feb. 21, from 6:30 P.M. to 8:30 P.M., at the Saint James Club in Paris (Place du Chancelier-Adenauer, Paris 75116) to celebrate the publication of the second in a series of IHT advertising sections on Portugal.

● **Lisnave-Estaleiros Navais de Lisboa,** the world's leading ship repair yard, has won a multimillion-dollar contract to carry out major life-extension repairs on four oil tankers belonging to the Soviet shipping company Novoship. The deal follows a landmark agreement reached last year to provide regular repairs for the tanker fleet of the U.S. oil company Chevron.

Lisnave achieved record growth in 1990, with sales from the yard's ship-repair activities increasing by 35 percent, to 27.8 billion escudos ($217 million). The number of man hours worked decreased 6.7 percent to 5,501,000, marking a significant improvement in productivity. Lisnave's repair yards are the largest in the world, with a dry-dock capacity of 1.8 million metric tons and 2.7 kilometers (1.7 miles) of repair jetties. They handle more tonnage than any other yard and account for more repairs than their top four European competitors put together.

● A **round table with the Portuguese government** will be held in Lisbon March 4-6, providing executives an opportunity to discuss prospects for trade and investment with senior ministers and leading industrial decision-makers. The 18 speakers will include ministers, entrepreneurs and labor leaders, among them Prime Minister Anibal Cavaco Silva, Finance Minister Miguel Beleza and Carlos Tavares Moreira, the governor of the central bank.

The conference will give delegates the chance to participate in the discussions and to talk to government ministers and other guests on an informal basis. The sessions will be off-the-record, and the information presented will be exclusive to conference delegates. The round table is being organized by **Business International,** a global business information and consulting company that is part of The Economist Group.

● **Direct foreign investment** in Portugal grew to 509 billion escudos in 1990, a 46-percent increase over the previous year, according to figures released by the Portuguese Institute for Foreign Trade. Most investment originated from Britain, followed by France and Spain. German investment, in fourth place, increased from 11 billion escudos in 1989 to 60 billion escudos. Investment from Japan increased 340 percent to 10.7 billion escudos.

Companies already established in Portugal accounted for 56 percent of total foreign investment, through capital increases and expansion projects. The biggest sectorial increase was in the financial area, where investment increased from 16 percent of the total to 28 percent. Investment in real estate and company services also accounted for 28 percent of the total. The chemical industry registered a notable increase in foreign investment, from 2 percent to 9 percent of the total.

● A sweeping restructuring of Portugal's power sector will begin shortly with the publication of legislation setting out conditions for the dismembering and eventual privatization of **Electricidade de Portugal,** the state-owned power producer and distributor. Terms for submitting tenders to build and operate two major private power plants are also due to be made public. Energy Secretary Nuno Ribeiro da Silva says that a key objective of the plan, which will open power production to private enterprise and abolish the concept of production concessions, is to stimulate third-party investment in improving production, high-tension transmission and distribution.

P.W.

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- ☐ Instituto de Promoção Turistica (tourism promotion)
- ☐ Portucel - Empresa de Celulose e Papel de Portugal, EP (pulp & paper)
- ☐ RAR - Refinarias de Açúcar Reunidas, SA (sugar industry)
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BUSINESS / FINANCE

INTERNATIONAL MANAGER

Company Profit-Sharing May Be Linked to Age

By Jan M. Rosen
New York Times Service

NEW YORK — American corporations in ever-growing numbers are cutting back or eliminating pension plans, leaving older employees who had counted on comfortable retirement benefits to fear that they would be short-changed.

"Now there is a way to make them whole again through age-based profit-sharing plans," a new approach allowed under regulations recently issued by the Internal Revenue Service, says Milton Pickman, a senior tax partner with the New York accounting firm of Anchin Block & Anchin and an expert in employee benefits.

Mr. Pickman's firm, which specializes in closely held businesses, recommends age-based plans to many clients who want to do something for older employees — who are often employee-owners.

In an age-based plan, a company can make bigger contributions for older employees.

In an age-based plan, a company is allowed to make bigger contributions for older employees, so the benefits they receive when they retire are equivalent to those that will be received by younger employees who earn the same salaries.

Companies sponsoring such plans must use actuarial tables to determine how much to contribute.

For example, Mr. Pickman calculated, a company that had three executives, each earning $100,000 a year, and that wanted to be sure they received the same benefit upon retirement, would have to contribute $3,060 for a 35-year-old, $6,930 for a 45-year-old and $15,705 for a 55-year-old, assuming the money in the plan earns 8.5 percent.

As a rule, he said, age-based plans are attractive to people over age 50.

If that same company had three workers aged 40, 50 and 60, each earning $50,000, its contributions for them would be $2,295, $5,220 and $11,790.

Altogether, the contributions add up to $45,000, just as they would if the company made contributions equal to 10 percent of salaries under a regular profit-sharing plan. But the older workers would get a larger portion under an age-based plan.

ONE REASON COMPANIES are terminating pension plans is the maze of federal regulations and laws in recent years, following the Tax Reform Act of 1986, and the penalties that can be incurred for putting too little or too much into a pension plan.

The intent is to make sure plans do not discriminate against lower-paid employees, but the rules are so complex that smaller employers in particular are abandoning their plans.

But when a plan is ended, the blow is greatest to the older employees, not only because they are the ones counting on retiring soon, but also because given the mathematics of compounding, the most growth in a pension plan occurs after 20 years.

For example, a 25-year-old who joined a company that has a typical defined-benefit plan and worked for 40 years with average annual wage increases of 6 percent might receive 1 percent of his last year's salary for each year worked — 40 percent altogether — upon retirement.

But if the plan is terminated when he is 45, the benefit he receives at age 65 would be only 6 percent of his final year's salary.

That is because the bulk of his benefits would have accrued in the second 20 years, not the first 20.

This is precisely the situation that increasing numbers of Americans are facing and that Mr. Pickman says can be redressed by adopting an age-based plan.

"It's still a profit-sharing plan," he said, with the same benefits and limitations as other qualified retirement plans — the employer can deduct the contributions for tax purposes, the trust fund the money goes into is not subject to taxation, the employee is not taxed on the money until he or she receives a distribution and there are penalties for withdrawals before age 59½.

EC Shift on Farm Aid Cuts Revives GATT Negotiations

Compiled by Our Staff From Dispatches

GENEVA — Trade officials agreed Wednesday on a formula for negotiating farm subsidy reductions, clearing the way for the resumption of the Uruguay Round of global trade talks, officials said.

The European Community, the biggest opponent of deep agricultural subsidy cuts, accepted the demand of most of its trading partners: to negotiate specific commitments to reduce domestic farm subsidies, export subsidies and import barriers.

Farm negotiators had a 15-minute consultation with the director-general of the General Agreement on Tariffs and Trade, Arthur Dunkel, and agreed on a tentative agenda for the talks, a meeting source said.

"The biggest single hurdle to restarting the round has been overcome," Mr. Dunkel said, referring to the thorny agricultural subsidies issue. "This has been a demonstration of a collective will to protect the international trading system and put the Uruguay Round back on track."

The U.S. ambassador to GATT, Rufus H. Yerxa, whose country had not wanted to negotiate in other areas until a basis was found for negotiating on agriculture, said the United States now was ready to resume negotiations.

"I think we are now seeing for the first time some signs of real progress in the agricultural negotiations, and on this basis the United States is prepared to commence negotiating," Mr. Yerxa said.

"He seems to have saved the day," said the ambassador of a non-EC European nation, referring to Mr. Dunkel.

Full-scale talks are expected to start early next week with a session of the 108-nation Trade Negotiations Committee, the steering body of the GATT talks, the source said.

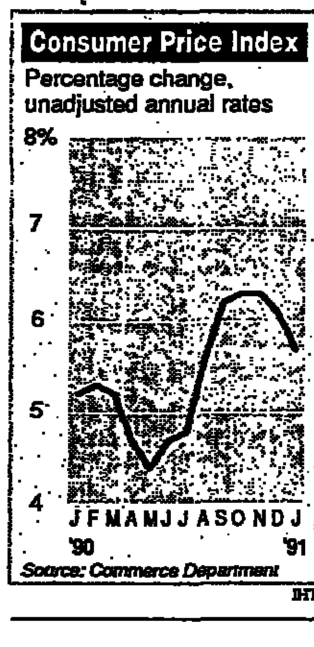
Until then, Mr. Dunkel will lead consultations on the 14 other issues in the Uruguay Round. He will report his suggestions to the main committee.

About 30 countries, representing the major groups concerned in each area of negotiations, are participating in the preliminary talks. Topics in the round include trade in textiles, services including banking and insurance, access to markets, and intellectual property rights, such as patents.

The negotiations, begun in 1986, are the widest-ranging attempt to free global trade since

See GATT, Page 11

Greenspan Hints at Pause In Easing; Inflation Rises



By Lawrence Malkin
International Herald Tribune

NEW YORK — Alan Greenspan, the Federal Reserve Board chairman, hinted Wednesday at a pause in the Fed's aggressive policy of easing credit, depicting the U.S. economy as being caught between the uncertainties of war and hopes of a moderate upturn.

In his semiannual testimony to Congress on the economic outlook, Mr. Greenspan said he deliberately was being "slightly evasive" about the Fed's intentions and stressed that it was monitoring data "hour by hour" and was ready to move again on short notice.

As he spoke, government statistics were released that threatened stagflation. Despite the Fed's attempts to cut interest rates, construction of new houses in the United States dropped 12.8 percent in January to 850,000, the lowest level since the last recession in January 1982 and far below economists' estimates of only 2 percent.

Inflation showed a sharp rise in January. Some economists said the monthly rise of 0.4 percent in retail prices was an aberration, and in a worrisome sign, the underlying core inflation rate jumped at twice that rate. The core rate excludes volatile

The G-7 must better coordinate policy, U.S. official says. Page 10.

food and energy prices and is used by economists as a guide to underlying inflation in the economy.

In an unusual reversal, falling oil prices brought down the overall Consumer Price Index, while higher clothing and housing prices helped send up the core rate. It was even more heavily affected by a record 4.9 percent increase in liquor prices, reflecting a tax increase.

The combination of war nerves, ominous figures and the uncertain testimony roiled the financial markets. Stocks weakened and Treasury bonds slipped.

After Mr. Greenspan remarked that the dollar had recently shown "unwelcome weakening tendencies," it strengthened to about 1.50 Deutsche marks and then fell back because of the weak economic outlook. (Page 10)

Although the Fed board as a whole submitted forecasts of an economic upturn starting later this year, the threat of a ground war in the Gulf affected the chairman's testimony.

"It would be most unwise to rule out the possibility that the economy may become more serious than already is apparent," Mr. Greenspan said. "Nonetheless, the balance of forces does appear to suggest that this downturn could well prove shorter and shallower than most prior postwar recessions.

"An important reason is that one of the most negative economic impacts of the Gulf war — the run-up in oil prices — has been reversed."

This prompted Mr. Greenspan to look beyond the day's statistics and report that price pressures in the economy were easing, which would give him scope to ease credit later if the recession persisted.

As a whole, the members of the board and the regional bank presidents who vote on credit conditions reported to Congress that they "believe the most likely outcome is that the economy will swing back into expansion later this year." Their forecasts averaged out to a prediction of 0.3 percent growth in GNP this year, 6.3 percent growth in consumer prices and a fourth-quarter unemployment rate of 5.9 percent.

This is a picture close to stagflation, and it gives the Fed little room for maneuver. Another restrictive factor is the money supply. For months, it has stayed flat or declined in a credit crunch. This occurred as banks built up reserves instead of lending out the money that the Fed has pumped into the banking system by lowering the federal funds rate, which banks pay for money.

This phenomenon has also made the federal funds rate gyrate around the Fed's target of 6 percent; on

See FED, Page 10

Analysts See Another Hard Year for U.K. Banks

By Leigh Bruce
International Herald Tribune

LONDON — Britain's large commercial banks, due to release appalling 1990 results during the next two weeks, face at least 12 to 18 months of difficult market conditions and restructuring before returning to strong profitability, analysts said Wednesday.

The huge burden of bad debt, collapsed loan demand and high costs have forced the banks to undertake cost-cutting measures, review lending policies and scale back dividend growth. Although these moves may bring short-term pain, the analysts said, they would leave the banks leaner and more competitive in the long run.

The analysts also said that U.K. banks would continue to explore ways to make better use of their extensive branch networks and would step up their moves into new areas like insurance as ways of increasing profitability.

"There is every prospect in two or three years' time for the banks to become as profitable as they were in 1988," said Alan Broughton of Morgan Stanley, referring to the last boom year before rising interest rates began to depress activity.

He and others added that the traditionally very lucrative British banks were as a whole in far better shape than their counterparts in the United States, and did not face the capital adequacy problems of the Japanese.

Despite the silver lining, the country's big banks are braced for an extended period of dismal business and painful cost-cutting.

Lower British inflation and interest rates should help bring the start of economic recovery at the end of 1991, but bank profits will not recover to healthy 1988 levels until 1993 at the earliest, the analysts said.

Robert Law of Lehman Brothers International predicted that the banks would show an average reduction in 1990 profits before bad debt provisions of 65 percent compared to 1989. "And this conceals the real size of the collapse, because the first half was actually not that bad against what has happened since," he said.

The experts predicted that Britain's four main banks — Barclays Bank PLC, Lloyds Bank PLC, National Westminster Bank PLC, and Midland Bank PLC — would report accumulated provisions for bad debt of £4 billion to £4.5 billion ($7.8 billion to $8.8 billion).

Most of the bad debt is attributed to nonperforming corporate loans in Britain. With the bottom of the recession not yet in sight, the analysts expect provisions to remain high this year, ranging from £3.5 billion to £5.5 billion for the big four.

According to figures compiled by Dun & Bradstreet, business failures in England and Wales — which have borne the brunt of the recession — surged 34.6 percent in 1990. The trend accelerated sharply during the second half and is expected to remain at record levels for some months ahead.

"There won't be any great good

See BANKS, Page 11

Paris Injecting Funds To Boost Air France

Reuters

PARIS — France will inject 2 billion francs ($394 million) of new capital into Air France in 1991 to help finance its investment plans, the state-owned airline's chairman, Bernard Attali, said Wednesday.

Mr. Attali said the airline's board had formally adopted a series of measures aimed at helping the company through a current slump in business.

The move came as the EC Commission, in Strasbourg, France, announced a package of measures to help airlines within the European Community weather the slump caused by the war in the Gulf.

The EC executive body said it would allow the possibility of concerted action by airlines to reduce capacity because of the drop in passenger numbers, a practice currently banned by EC rules. Joint cuts will be considered on a case-by-case basis.

The commission also said it would look favorably on state aids to help airlines meet extra costs directly linked to the Gulf war, such as higher insurance premiums and tighter security.

In Brussels, the Belgian government approved the restructuring plan for state airline, Sabena, including a $300 million cash injection to finance layoffs. Sabena's chief executive, Pierre Godfroid, unveiled a plan last week to cut jobs and flights at Sabena, restructure the company's financial profile and bring in a foreign partner.

The Air France measures include cutting working hours for the airline's 39,000 employees by at least 6 percent. The effort was expected to help save the airline 610 million francs annually. Mr. Attali said the cost-cutting measures, which also include a pay freeze and a program to encourage early retirement, would take effect soon.

Air France plans to maintain its goal of investing 35 billion francs in aeronautic equipment over the next three to four years.

New Computer Code Gets Push

By Andrew Pollack
New York Times Service

SAN FRANCISCO — A group of leading computer companies has announced an ambitious effort to develop a universal digital code that could be used by computers to represent letters and characters in all the world's languages.

A consortium has been formed to develop and promote the new code, known as Unicode. Its 12 members include many top computer companies that are often fierce rivals, like IBM, Apple Computer, Microsoft, Sun Microsystems and Xerox.

If the code becomes a worldwide standard, it would be easier for people in different countries to communicate by electronic mail. The code would also make it easier for software companies to develop programs that can work in different languages.

Right now, for instance, an American computer often cannot understand the codes used by a French computer to represent accented characters, so a message sent electronically from France to the United States might arrive with mistaken characters.

But with the new code — plans for its development were announced Tuesday — any computer anywhere could understand and display everything from French accents to Chinese ideograms.

Computers represent all information as a series of zeros and ones, or as digital bits. What is at issue is the specific sequences of zeroes and ones used to represent letters, numerical digits, and other symbols.

The most widespread system, the American Standard Code for Information Interchange, or Ascii, was approved as a standard in 1967. Ascii (pronounced AS-kee) represents each letter and symbol as a sequence of eight zeros and ones.

But because Ascii cannot handle special characters used in other languages, other countries have had to design their own codes. Europe has its own 8-bit code, and Asian countries like Japan and China have their own codes to represent the thousands of different characters in their languages.

Ascii cannot be used to represent characters in all these languages because there are only 256 different 8-bit sequences of zeros and ones.

Unicode would represent letters and symbols by a sequence of 16 zeroes and ones, instead of eight, allowing for 65,536 different combinations. That is enough to give each character used in all the languages of the world its own sequence.

With each character having a unique code, software programmers would no longer have to translate from one system to another. That would make it easier, for instance, to develop a word-processing program that works in many languages.

Unicode has been under development since 1989 by an informal group, and the proposed standard, which now includes sequences for 27,000 characters, is expected to be completed this spring.

The code still faces hurdles. The consortium needs to attract support from foreign companies, and an international standards organization is developing a competing code.

CURRENCY RATES

Cross Rates

Feb. 20

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.887	3.285	1.127	0.3313	0.1500 *	—	5.477 *	1.3178	1.3811 *	1.463	1.812 *
Brussels	30.4475	59.9725	20.581	6.0485	2.7438 *	18.264	—	24.088	0.2306	26.545	32.84 *
Frankfurt	1.4897	2.912	—	0.2939	0.1334 *	0.8874	4.858 *	1.1702	1.1355 *	1.2922	1.607 *
London (a)	1.948	—	2.9133	9.9149	2,181.50	3.2883	59.955	2.4922	256.42	2.2449	181.17
Madrid	92.896	181.39	62.265	18.296	8.30 *	55.255	3.0259	72.85	70.72 *	80.46	—
Milan	1,118.85	2,184.90	750.10	220.47	—	665.71	36.444	877.70	8.517	969.20	12.052
New York (b)	—	1.95 a	1.496	5.0865	1,121.00	1.6858	30.765	1.2792	131.50	1.153	93.145
Paris	3.8745	9.911	3.400	—	0.4536 *	3.0190	0.1654	3.9825	3.8645 *	4.48	5.466 *
Tokyo	131.40	256.76	88.16	25.92	0.1176	78.26	4.2843	103.06	—	114.81	1.4175
Toronto	1.1527	2.246	0.7708	0.2267	1.029 *	0.6839	3.747 *	0.9003	0.8767 *	—	1.237 *
Zurich	1.2785	2.4912	0.855	0.2515	0.1141 *	0.7596	4.1683 *	—	0.9719 *	1.1111	1.3751 *
1 ECU	1.3742	0.7085	2.0499	6.9748	1,537.86	2.3101	42.1918	1.7514	180.434	1.5854	127.637
1 SDR	1.4365	0.7345	2.1380	7.2791	N.Q.	2.4113	44.0402	1.8272	188.415	1.6592	133.255

*Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates, Toronto rates at 3 p.m. a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9298.0	Greek drac.	159.45	Mex. peso	2966.00	S. Afr. rand	2.5435
Austral. $	1.2682	Hong Kong $	7.7905	N. Zealand $	1.6543	Soviet ruble*	0.5498
Austr. schil.	10.49	Indian rupee	19.157	Norw. krone	5.827	Swed. krona	5.568
Brazil cruz.	221.65	Indo. rupiah	1885.01	Phil. peso	27.72	Taiwan $	27.15
Chinese yuan*	5.2221	Irish £	0.5604	Port. escudo	130.75	Thai baht	25.11
Danish krone	5.73	Israeli shek.	2.0171	Saudi riyal	3.7504	Turkish lira	3138.00
Egypt. pound	2.9637	Kuwaiti dinar	n.a.	Sing. $	1.719	UAE dirham	3.6721
Fin. markka	3.6105	Malay. ring.	2.696	S. Kor. won	720.90	Venez. boliv.	54.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9427	1.9332	1.9242	Canadian dollar	1.1570	1.1602	1.1631
Deutsche mark	1.4943	1.4970	1.5001	Japanese yen	131.45	131.60	131.70
Swiss franc	1.2760	1.2773	1.2785				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Feb. 20

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	6 ¾-6 ⅞	8 ¾-8 ⅞	7 ¾-8 ⅛	13¼-13⅜	9 ¼-9½	7 ¾-8 ⅛	9½-9⅝	8⅛
2 months	6⅝-6¾	8⅞-9	7 ¾-8 ⅛	13¼-13⅜	9 ⅜-9½	8⅛-8¼	9½-9⅝	8⅛
3 months	6 ⅝-6 ¾	8⅞-9	7⅞-8	12⅞-13	9⅜-9 ½	7 ⅞-8 ⅛	9½-9⅝	8 ⅛
6 months	6 ⅝-6 ¾	8 ⅞-9 ⅛	7 ¾-7 ⅞	12⅜-12½	9 ¼-9⅜	7⅝-7¾	9½-9⅝	8⅛
1 year	6⅝-6⅞	8 ⅞-9 ⅛	7 ¾-7 ⅞	11 ¾-11 ⅞	9 ¼-9⅜	7¼-7⅜	9½-9⅝	8⅛

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Feb. 20

	Close	Prev.
United States		
Discount rate	6.00	6.00
Prime rate	9.00	9.00
Federal funds	7¼	5⅞
Com. paper 90-179 days	6.20	6.10
3-month Treasury bills	5.94	5.96
6-month Treasury bills	5.92	5.94
1-year Treasury bills	5.92	5.94
30-year Treasury bond	8.04	8.00
3-month CD's	6.25	6.20
3-month CD's	6.25	6.20
Japan		
Discount rate	6.00	6.00
Call money	8¼	8 7/32
2-month interbank	7 31/32	7 29/32
3-month interbank	7⅞	7 27/32
Germany		
Discount rate	6½	6½
Lombard rate	9.00	9.00
Call money	8¾	8.80
1-month interbank	8.85	8.85
3-month interbank	8.95	8.95
6-month interbank	9.00	9.00
Britain		
Bank base rate	13½	13½
Call money	13⅝	13⅝
3-month interbank	13.00	13.00
6-month interbank	12 7/16	12 7/16
France		
Intervention rate	9¼	9¼
Call money	9⅞	9⅝
1-month interbank	9⅝	9 5/16
3-month interbank	9 7/16	9⅝
6-month interbank	9 9/16	9 7/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Feb. 20

1 month	6½ - 6⅝
2 months	6⅝ - 6¾
3 months	6 ⅝ - 6 ¾
6 months	6 ⅝ - 6 ¾
1 year	6⅝ - 6⅞

Source: Reuters.

U.S. Money Market Funds

Feb. 20

Merrill Lynch Ready Assets
30-day average yield: 6.65
Telerate Interest Rate Index: 6.443

Source: Merrill Lynch, Telerate.

GOLD

Feb. 20

	A.M.	P.M.	Ch'ge
Hong Kong	364.25	364.25	+0.70
Luxembourg	364.35	—	+1.00
Paris (12.5 kilo)	365.77	365.31	+2.14
Zurich	364.20	364.85	+1.60
London	363.75	364.45	+1.45
New York	—	364.85	+0.10

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Investment By Japanese Ebbs In U.S.

International Herald Tribune

NEW YORK — The tide of Japanese investment in American manufacturing and real estate, a prime source of political alarm in the United States, ebbed in 1990 and settled into a trough that could last several years, two research organizations reported Wednesday.

The Conference Board, an organization with close ties to industry, said Japanese reported 148 major investments in U.S. manufacturing last year, a 23 percent drop from the 192 investments reported in 1989.

In a separate assessment of the depressed U.S. commercial real estate market for Salomon Brothers, Anthony Downs of the Brookings Institution in Washington reported that the stock market decline and resultant shortage of cash among Japanese banks will curb the purchase and development of U.S. properties by Japanese investors for the foreseeable future.

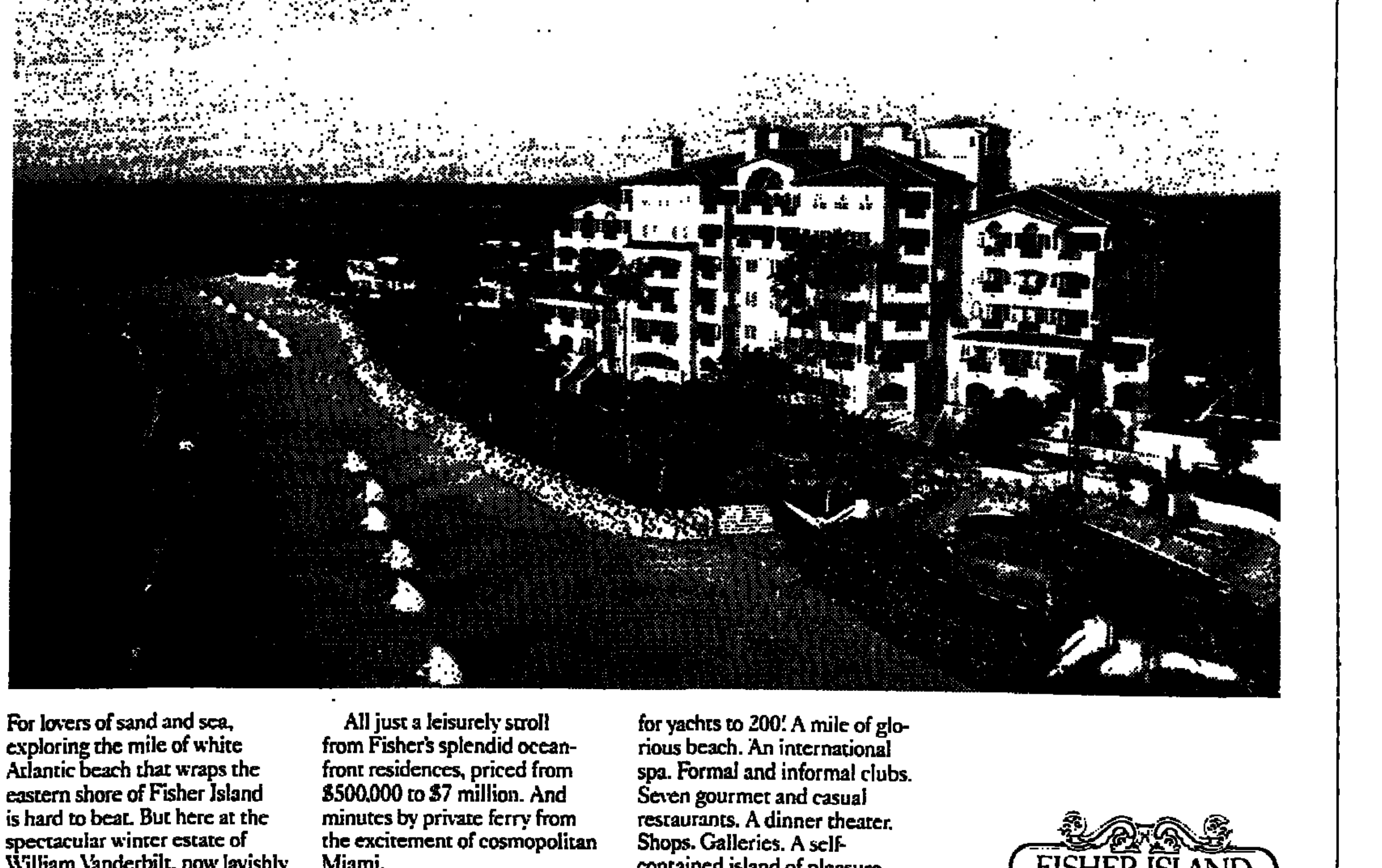
Kenneth Goldstein, the economist who conducted the Conference Board's survey from data reported by the Japanese Economic Institute in Washington and the U.S. trade press, said many Japanese manufacturing companies have completed their investment programs in key sectors, especially in transportation equipment including automobiles.

With 21 investments, this represented the largest investment sector in manufacturing. The total amount of investment did not change much from year to year, but Mr. Goldstein said gross investment totals are misleading because they are inflated by one-time megadeals such as Matsushita's $6 billion purchase of MCA-Universal Films.

"Japanese investment has gone into a trough and it probably will stay there for a couple of years. That means the questions that were raised when the Japanese bought

See INVEST, Page 10

BEACHCOMBING, FISHER ISLAND STYLE.



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FISHER ISLAND

MARKET DIARY

Stocks Off Sharply On Inflation Fears

United Press International

NEW YORK — Prices were sharply lower at the close of the New York Stock Exchange Wednesday in active trading, depressed from the opening by selling tied to news of a jump in U.S. inflation last month.

The Dow Jones industrial average, which lost 2.47 points Tuesday, tumbled 33.17 to close at 2,899.01.

Foreign Exchange

Among broader market gauges, the New York Stock Exchange composite index lost 2.14 to 199.26 and the Standard & Poor's 500-stock index fell 4.25 to 365.14. The price of an average share was off 37 cents.

Declines led advances by by about a 2-1 margin. Volume was about 185.7 million shares, compared with 189.9 million shares Tuesday.

Stocks sold off sharply at the opening bell after the government reported inflation at the retail level increased in January with consumer prices rising 0.4 percent.

Analysts said the news sparked fears that revived inflation may not allow the Federal Reserve to use interest rates as aggressively as it has to combat the recession.

Jeff Kaminsky, head of institutional sales trading at Mabon, Nugent & Co., said the inflation data, coupled with news of a steep drop *in housing starts*, "got people a bit rattled and started us downward."

Mr. Kaminsky said the drop "pause" after rallying in the past five weeks. "It was a necessary trading correction," he said.

The Limited was the most active issue on the New York exchange, down ⅜ to 23⅜. Square D followed, up 20¼ to 72¼ after receiving an unsolicited $78-a-share offer from Schneider SA of France.

Prices also fell in active trading on the American Stock Exchange. The Amex Market Value index lost 1.71 to 341.99.

Dollar Mixed in N.Y. After a Run at Mark

Reuters

NEW YORK — The dollar closed mixed Wednesday in New York, failing to sustain an advance above 1.50 Deutsche marks.

The dollar had been aided earlier by Alan Greenspan, the chairman of the Federal Reserve Board, who said the world's biggest economy would begin to recover later this

N.Y. Stocks

year. It also was helped by David Mulford, assistant U.S. Treasury secretary, who said the Group of Seven industrialized nations needed to develop mutually supportive economic policies.

The dollar ended at 1.4960 DM, up from 1.4935 at the close on Tuesday; at 131.50 yen, down from 131.65; at 1.2792 Swiss francs, up from 1.2783, and at 5.0865 French francs, up from 5.0825.

The British pound eased to $1.9500 from $1.9506.

"The dollar sold off a bit in the afternoon on news that a ground war could start in 24 hours," said John Krey, international economists at McCarthy, Crisanti & Maffei.

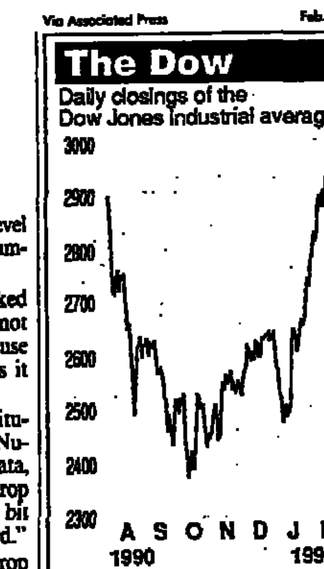
In London, the dollar closed at its highest level against the mark in more than a month after Mr. Greenspan made his comments in Washington.

The dollar ended in London at 1.4965 DM, its highest close since Jan. 18, after finishing at 1.4890 DM on Tuesday. It also closed at 131.72 yen, against a previous 131.17.

"The markets were standing ready for an opportunity to buy dollars," said Robin Aspinall, currency strategist at J. Henry Shroder Wagg. "Greenspan's comments were the appropriate trigger."

But he added, "There was nothing in the content which justifies a stronger dollar. On the contrary."

Via Associated Press Feb. 20



Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2909.16	2923.76	2877.46	2899.01	— 33.17
Trans	1116.01	1125.18	1105.08	1113.89	— 4.94
Util	215.54	217.18	214.29	215.73	— 0.38
Comp	1034.58	1041.17	1024.87	1032.18	— 8.06

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	436.58	430.95	432.01	—4.57
Transp.	272.33	269.72	270.75	—1.58
Utilities	145.85	143.59	143.93	—1.92
Finance	28.28	27.63	27.70	—0.58
SP 500	369.39	364.38	365.14	—4.25
SP 100	349.83	344.79	345.69	—4.14

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	200.14	199.26	199.26	—2.14
Industrial 249.67	248.94	248.94	—2.50	
Transp.	167.33	166.45	166.90	—0.63
Utilities	93.14	92.41	92.61	—1.07
Finance	143.59	141.34	141.34	—2.15

NASDAQ Indexes

	High	Low	Close	Ch'ge
Composite	450.32	445.72	446.02	—4.38
Industrials	496.48	495.60	495.95	—3.45
Finance	418.54	412.74	413.47	—5.21
Insurance	513.80	509.97	511.80	—2.45
Utilities	558.85	547.76	549.19	—12.02
Banks	297.34	291.48	292.47	—4.54
Transp.	495.80	488.64	488.64	—6.79

AMEX Stock Index

High	Low	Close	Ch'ge
343.75	341.63	341.99	—1.71

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	94.45	—0.34
10 Utilities	96.20	—0.25
10 Industrials	92.70	—0.43

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Limited s	72726	24⅛	23¼	23⅜	— ⅜
RJR Nb n	58473	7⅝	7¼	7⅜	+ ⅛
SquarD	37005	75	72¼	72¼	+20¼
HewlPk	34610	47½	45⅞	46⅝	+ ⅛
PhilMr	30243	64⅝	63⅝	64	—1
Boeing s	18781	49	47⅝	48	—1⅛
IBM	18537	136⅞	132⅞	136	—1½
Upjohn	18417	44⅝	40⅝	44	+2⅝
NtSemi	16744	7	6⅝	7	+ ⅜
PepsiC s	16069	32⅛	31⅛	31⅛	— ⅝
GenEl	15886	69⅛	68	68⅝	—1⅛
GTE s	14578	31⅞	30⅞	31¼	— ⅛
Glaxo	14038	37⅞	36⅛	37	—1¼
ConrPr	13972	26⅝	24⅞	24⅞	—1⅝
TexUtil	13632	38	37⅝	37½	— ⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
DowC rt	4394	4⅛	3⅝	3⅝	— ⅛
RhnP rt	4158	5	4⅝	4⅝	— ⅛
SNk 93cwt	3520	4⅝	3⅝	4	— ⅛
EksNk wt	3420	5⅝	5	5⅝	+ ⅜
EchoBy	3052	7⅝	7⅝	7⅝	— ⅛
ENSCO	2647	2½	2⅛	2⅜	— ⅛
Nabors	2587	5⅝	5⅛	5⅛	— ⅛
Hasbro	2553	24⅛	23½	23⅝	+ ⅛
CalEng	2406	11⅛	10⅞	11⅛	+1
SalPhb n	2360	3⅛	3	3⅛	+ ⅛
A-ate sc s	2102	11	10⅝	10⅝	— ⅛
NAVoc	2045	5½	5	5⅝	
PrkP wt	1915	10⅛	8½	9⅝	
WangB	1883	3½	3⅛	3⅜	— ⅛
BAT In	1790	12⅝	12⅛	12⅜	— ⅞

NYSE Diary

	Close	Prev.
Advanced	529	791
Declined	1100	840
Unchanged	426	398
Total Issues	2055	2049
New Highs	72	103
New Lows	2	6

Amex Diary

	Close	Prev.
Advanced	224	293
Declined	340	294
Unchanged	214	239
Total Issues	778	826
New Highs	22	39
New Lows	5	3

NASDAQ Diary

	Close	Prev.
Advanced	745	955
Declined	1,156	959
Unchanged	2,239	2,227
Total Issues	4,140	4,141

Market Sales

NYSE 4 p.m. volume	185,680,000
NYSE prev. cons. close	233,438,290
Amex 4 p.m. volume	13,850,000
Amex prev. cons. close	13,510,000
NASDAQ 4 p.m. volume	142,243,300
NASDAQ prev. 4 p.m. volume	132,891,700
NYSE volume up	44,439,260
NYSE volume down	122,500,910
Amex volume up	3,973,740
Amex volume down	7,102,538
NASDAQ volume up	43,714,537
NASDAQ volume down	71,977,002

S&P 100 Index Options

Feb. 20

Strike Price	Calls-Last Mar	Apr	May	Jun	Puts-Last Mar	Apr	May	Jun
265	62⅝	—	—	—	⅛	—	—	—
270	—	—	—	—	⅛	—	—	—
275	—	—	—	—	⅛	—	—	—
280	—	—	—	—	⅛	⅝	—	—
285	—	—	—	—	⅜	—	—	—
290	—	—	—	—	⅜	1⅛	1⅜	—
295	53	—	—	—	⅜	1⅛	—	—
300	48	45⅝	—	—	⅜	1⅜	2⅛	—
305	42	—	—	—	⅝	1⅝	2⅜	—
310	37¼	38¼	—	—	⅝	2⅛	3⅛	—
315	32⅝	—	—	—	⅞	2⅝	4	—
320	27⅝	29⅝	31½	—	1⅛	3⅛	4½	5⅜
325	22½	26	—	—	1⅜	3⅝	5⅛	—
330	18¼	21⅝	—	—	2⅛	4⅝	6½	7½
335	14⅝	17½	19⅝	—	3	5⅝	7⅝	—
340	10⅝	14⅝	17	—	4⅝	7½	9⅝	11
345	7⅝	11½	—	—	6¼	9⅝	11⅝	—
350	5⅛	8½	10⅝	12⅝	8⅝	11⅝	13½	14⅝
355	3⅝	6⅝	—	—	12⅝	15	16⅝	—
360	2⅝	4½	6⅝	7⅝	16½	18⅝	20	20½
365	1⅝	3⅝	5	—	21⅝	—	—	—
370	⅝	2⅛	3½	4⅝	—	—	—	28½

Calls: total vol. 74,749; total open int. 298,348
Puts: total vol. 100,428; total open int. 386,908

	Dec 92	Dec 93	Dec 92	Dec 93
27½	—	—	⅜	1⅛
30	7	—	1⅛	—
32½	5⅛	—	2	—
35	3⅝	—	3⅝	3⅝

Calls: total vol. 67; total open int. 18,857
Puts: total vol. 4,886; total open int. 27,769
Source: CBOE.

Currency Options

Feb. 20

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Mar	Apr	Jun	Puts—Last Mar	Apr	Jun
31,250 British Pounds-cents per unit.							
Pound	185	r	r	r	0.14	r	r
194.75	187½	r	r	r	0.36	r	r
194.75	190	4.70	r	r	0.80	1.78	r
194.75	192½	3.25	r	r	1.54	r	r
194.75	195	1.60	r	r	2.77	3.90	6.90
194.75	197½	0.83	r	2.50	r	r	r
194.75	200	0.42	r	r	r	r	r
50,000 Canadian Dollars-cents per unit.							
Dollr	85½	r	r	r	r	0.28	r
86.73	86	r	r	r	0.15	r	r
86.73	86½	r	r	r	0.35	0.64	r
86.73	87	r	0.26	r	r	r	
62,500 German Marks-cents per unit.							
Mark	61	r	r	r	r	r	0.20
66.84	63	r	r	r	r	0.15	r
66.84	63½	r	r	s	r	0.21	
66.84	64	r	r	r	0.12	r	r
66.84	64½	r	r	s	0.70	r	
66.84	65	r	r	2.45	0.21	0.50	1.09
66.84	66	r	r	r	0.52	0.92	1.35
66.84	66½	0.93	1.12	s	0.70	1.13	
66.84	67	0.57	0.90	r	0.88	1.27	2.82
66.84	67½	0.39	r	s	1.23	r	
66.84	68	0.28	0.58	1.08	1.68	r	2.61
66.84	68½	0.19	r	s	r	r	
66.84	69	0.12	r	0.74	r	r	r
66.84	70	0.06	0.18	0.54	r	r	
6.25 mil Yen-100ths of a cent per unit.							
Yen	70	r	r	r	r	r	0.29
76.01	71	r	r	r	0.03	r	0.39
76.01	72	r	r	r	0.06	r	r
76.01	73	r	r	r	r	r	0.80
76.01	74	2.09	r	r	0.25	r	1.05
76.01	75	r	r	2.17	0.45	r	r
76.01	76	0.77	r	1.68	0.94	1.28	2.00
76.01	76½	r	r	s	1.19	r	
76.01	77	0.42	r	r	1.55	r	2.60
76.01	77½	0.30	r	s	r	r	
76.01	78	0.24	0.48	0.92	r	r	r
76.01	79	0.18	0.33	r	r	r	
62,500 Swiss Francs-cents per unit.							
Franc	73	r	r	r	r	r	0.48
	76	r	r	r	r	r	1.23
	77	r	r	r	0.38	r	r
	78	0.88	r	r	0.73	r	r
	79	0.52	r	r	r	r	r
	80	0.29	r	r	r	r	r
	81	0.11	0.37	0.82	r	r	

Total call vol. 26,348; Call open int. 214,474
Total put vol. 57,483; Put open int. 331,893
r—Not traded. s—No option offered.
Last is premium (purchase price).

Dividends

Company	Per	Amt	Pay	Rec
OMITTED				
Harris & Harris Gp				
STOCK SPLIT				
Dahlberg Inc —5-for-3				
INITIAL				
Dahlberg Inc	-	.05	4-10	3-27
INCREASED				
Cntrl Bncshs South	Q	.22	4-1	3-15
Cubic Corp	S	.26½	3-28	3-15
First Union Corp	Q	.38	3-15	3-4
Home Finl Corp	Q	.25	3-15	2-28
EXTRA				
Chicago Riv&Mach	-	.15	4-29	4-5
USUAL				
Briggs & Stratton	Q	.40	4-1	3-1
Chicago Riv&Mach	Q	.30	3-20	3-5
Coors (Adolph) cl-B	Q	.12½	3-15	2-28
Daniel Industries	Q	.04½	3-22	3-4
Edison Bros Strs	Q	.26	3-14	3-5
First Indiana Corp	Q	.07	3-21	3-14
FirstTier Finl	Q	.30	4-1	3-12
Frankford Corp	Q	.33	4-1	3-6
Helix Technology	Q	.19	3-22	3-1
Huffy Corp	Q	.10	5-1	4-15
Manitowoc Co	Q	.25	3-10	3-1
MerchantsBk NY	Q	.40	3-27	3-18
Publ Svc Ent Grp	Q	.53	3-28	3-7
Putnam Tr Grnwch	Q	.12	4-1	3-8
Reebok Intl Ltd	Q	.07½	4-3	3-13
Smith Corona Corp	Q	.06	4-5	3-22
Tribune Co	Q	.24	3-14	3-4
United Telecom	Q	.25	3-29	3-8
Vulcan Intl Corp	Q	.30	3-13	3-1
Wendy's Intl	Q	.06	3-15	3-1

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

European Futures

Feb. 20

	Close		High	Low	Prev. Close	
SUGAR (FOX) U.S. Dollars per metric ton-lots of 50 tons						
Mar	187.00	187.20	192.00	187.60	191.20	191.60
May	184.80	185.00	190.00	184.80	189.20	187.60
Aug	189.80	191.00	195.40	192.60	193.20	195.40
Oct	189.80	190.00	194.60	191.80	193.00	195.00
Dec	188.60	192.00	N.T.	N.T.	192.60	195.80
Mar	187.20	190.80	194.00	191.60	192.80	193.80
May	189.60	192.40	196.60	194.00	194.00	196.00
Est. Sales 2,113.						
COCOA (FOX) Sterling per metric ton-lots of 10 tons						
Mar	616	617	617	611	618	619
May	643	654	654	649	656	657
Jul	679	680	682	678	685	686
Sep	704	705	708	702	710	712
Dec	737	739	738	738	745	746
Mar	764	765	766	763	769	770
May	782	785	787	784	788	790
Est. Sales 4,302.						
COFFEE (FOX) Sterling per metric ton-lots of 5 tons						
Mar	545	546	547	533	535	536
May	555	556	560	545	548	549
Jul	568	570	570	558	561	563
Sep	585	586	586	573	575	577
Nov	602	603	601	592	590	591
Jan	613	617	610	608	603	606
Mar	620	633	N.T.	N.T.	615	624
Est. Sales 4,876.						

	High	Low	Close		Ch'ge
WHITE SUGAR (Matif) Dollars per metric ton-lots of 50 tons					
May	292.50	289.00	289.00	290.00	— 2.10
Aug	292.50	290.50	288.70	290.50	— 2.90
Oct	N.T.	N.T.	264.00	266.50	— 1.80
Dec	N.T.	N.T.	260.00	262.00	— 2.50
Mar	N.T.	N.T.	262.00	264.00	— 2.00
May	N.T.	N.T.	264.00	266.00	— 2.50

Est. sales 684. Prev. sales 2,039.
Open interest 9,072.

	High	Low	Last	Settle	Ch'ge
GASOIL (IPE) U.S. dollars per metric ton-lots of 100 tons					
Mar	217.00	190.00	217.00	216.50	+22.50
Apl	171.00	160.50	170.00	170.00	+6.25
May	160.00	153.50	160.00	160.00	+4.50
Jun	156.00	152.50	156.00	156.00	+4.00
Jul	157.50	152.00	157.50	157.00	+5.75
Aug	153.50	153.50	153.50	160.00	+5.00
Sep	160.00	159.00	159.00	162.00	+5.00
Oct	162.00	162.00	162.00	162.00	—1.75
Nov	N.T.	N.T.	N.T.	162.00	—5.25
Est. Sales 16,000. Prev. sales 11,892. Open interest 43,592					
BRENT CRUDE OIL (IPE) U.S. dollars per barrel-lots of 1,000 barrels					
Apl	17.55	16.45	17.45	17.44	+0.45
May	16.95	16.10	16.80	16.84	+0.44
Jun	16.60	15.90	16.55	16.55	+0.52
Jul	16.15	16.15	16.15	16.40	+0.50
Aug	15.90	15.90	15.90	16.40	+0.50
Sep	15.92	15.92	15.92	N.A.	N.A.

Est. Sales 20,000. Prev. sales 17,457.
Open interest 56,851
Sources: Matif, Int'l Petroleum Exchange, Reuters.

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	Short*
Feb. 19	624,696	927,863	6,175
Feb. 15	808,646	828,103	40,397
Feb. 14	656,499	1.07M	4,749
Feb. 13	871,427	892,387	8,152
Feb. 12	1.01M	1.19M	7,068

*Included in the sales figures.

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.684	0.682
Coffee, lb	0.81	0.81
Copper electrolytic, lb	1.2365	1.23
Iron FOB, ton	213.00	213.00
Lead, lb	0.33	0.33
Silver, troy oz	3.66	3.645
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	106.00	106.00
Tin, lb	3.6904	3.6819
Zinc, lb	0.61	0.5971

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U.S./AT THE CLOSE

Bush Unveils U.S. Energy Policy

WASHINGTON (Combined Dispatches) — President George Bush presented a new U.S. energy strategy Wednesday that centers on pumping an extra 3.8 million barrels of oil a day from offshore oil fields by 2010 to ease U.S. dependence on imported oil.

Mr. Bush said the policy, focusing on production and not conservation — as advocated by environmental groups — was meant "to diversify sources of energy supply."

The plan, which ruled out higher fuel taxes or stiff tariffs on imported oil, received mixed reviews from the oil industry, as big players saw a chance to exploit an enormous untapped pool of U.S. crude while little players said they would get nothing. *(Reuters, AP)*

Time Warner Net Off $34 Million

NEW YORK (UPI) — Time Warner Inc. reported a 1990 fourth-quarter net loss of $34 million on revenue of $3.29 billion. For 1990, the company reported a net loss of $227 million on revenue of $11.52 billion.

The company said the loss was due to interest expense and the accounting associated with the amortization of the purchase cost of Warner Communications Inc.

Turner Posts $7.3 million Profit

ATLANTA (UPI) — Turner Broadcasting System Inc., the parent of CNN, said Wednesday that it had fourth-quarter earnings of $7.3 million, but, because of dividend payments on preferred stock, it announced a loss of 3 cents a share.

Turner reported a $110.9 million loss in the final quarter of 1989. Revenue for the quarter climbed 22 percent to $356.5 million. For the year, the broadcaster reported net income of $4.6 million, but a loss of 28 cents a share. In 1989, the company reported a loss of $70.7 million.

AT&T Clinches Polish Phone Deal

WARSAW (Reuters) — American Telephone & Telegraph Co., the world's largest private telecommunications company, will invest in Poland's decaying telephone network, a Communications Ministry spokesman said Wednesday.

The spokesman declined to give details, but the official PAP news agency said AT&T planned to invest up to $800 million to develop Polish telecommunications.

INVEST: *Japanese Buying Ebbs*

(Continued from first finance page)

things like Rockefeller Center are going off the boil for a while," Mr. Goldstein said.

"Because of the political static, he added, "even if they could buy now, they would wait." But in the long term, he said, the Japanese are still interested in the United States, and this is supported by the fact that their natural growth area along the Pacific Rim is in California, which led all other U.S. regions with 25 new investments last year.

"Both experts reported that the squeeze on bank capital, which was exacerbated by the decline in the Japanese real estate market, plus the Japanese economic slowdown, curtailed Japanese long-term investment plans even though the weak dollar and low recession prices put bargain prices on U.S. assets.

Mr. Downs said rising Japanese real estate prices had reversed themselves, and this undercut the financial foundation for many Japanese investors who borrowed on their inflated assets in the 1980s to buy U.S. property. He warned the American real estate industry not to expect a bailout by Japanese buyers, who helped support the overbuilt U.S. market in the 1980s.

He cited the example of planned Japanese financing for construction of a giant mall in Bloooomington, Minnesota, and said it would probably not happen now.

Mr. Downs's comments on Japan came as part of a larger survey reporting that the U.S. property market probably would continue in a major recession for two to four years, held down by a worldwide capital shortage and a huge space overhang that will reverse the two major factors that cause the super-boom of the 1980s.

—LAWRENCE MALKIN

FED: *Greenspan Hints at a Pause*

(Continued from first finance page)

some days it was actually zero, creating severe operational problems for the central bank. Feeding more money to an uncertain economy could make things worse.

Mr. Greenspan reported the crunch at last was easing and "we have begun to see some evidence that in recent weeks, though it is still too early to be very confident, that a new, more robust growth trend has been established" in the money supply as measured by M-2, currency and cash that consumers and businessmen have in the bank to spend or invest. Private analysts estimated the growth for February at 4 or 5 percent.

But this growth would pose a problem for the Fed if the economy revives and the backlog of federal funds created to combat the recession, spills over into inflation.

U.S. Urges G-7 Coordination

Reuters

WASHINGTON — The Group of Seven major industrialized nations must intensify efforts to coordinate economic policy because their economic conditions are diverging, U.S. Treasury Undersecretary David C. Mulford said Wednesday.

The G-7 must develop "mutually supportive policies" that will sustain global growth with low inflation, continue to reduce trade imbalances and maintain stable financial and currency markets, Mr. Mulford said in testimony before a House subcommittee.

He said that currency rates better reflect underlying competitiveness in major nations now than they did in the past, before the G-7 began to work together.

"The G-7's record of success has been impressive," he said. The Group of Seven nations are the United States, Japan, Germany, France, Britain, Italy and Canada.

WORLD STOCK MARKETS

Agence France Presse Feb. 20

Amsterdam

	Close	Prev.
ABN Amro Hld	36.10	36.80
ACF Holding	34.50	35.40
Aegon	118.70	119.80
Ahold	69.60	70.50
Akzo	94.70	96.20
AMEV	55.10	55.30
A'Dam Rubber	3.65	3.70
Bols	105	106.50
Buhrmann Tett	54.60	55.80
Center Parcs	24.75	25
CSM	80.10	82.30
DAF	21.70	22.30
DSM	101.40	104.20
Elsevier	79	81
Fokker	28.60	30.10
Gist-Brocades	31.70	32.10
Heineken	139.70	141.30
Hoogovens	45.45	52.20
Hunter Douglas	60.20	61.70
IHC Caland	50.30	49.60
Inter Mueller	78.50	78.50
KLM	24.80	25
KNP	45.40	45.60
Nat Neder	55.90	56.60
Nedlloyd	46.10	46.50
NMB Postbank	42.70	42.80
Oce Grinten	44	45
Pakhoed	180	179.50
Philips	23.50	24.40
Robeco	94.70	95.50
Rodamco	55.30	57.50
Rolinco	89.30	90.10
Rorento	62.50	62.60
Royal Dutch	133.70	133.40
Unilever	153.90	155
Van Ommeren	42.60	44.20
VMF Stork	46.60	47.20
VNU	86.50	90.50
Wessanen	71	71.20
Wolters-Kluwer	51.80	51.90

CBS Gen'l Trend Index : 84.70
Previous : 85.40

Brussels

	Close	Prev.
AG Fin	7520	7590
Arbed	N.A.	2502
Barco	N.A.	1192
Bekaert	7990	8000
Cockerill	158	163
Cobepa	5380	5400
Delhaize	6350	6340
Electrabel	4745	4795
GB-Inno-BM	45	45.30
GBL	3600	3675
Gevaert	7110	7120
Hoboken	12300	12000
Intercom	172.75	173.75
Kredietbank	3950	3975
Petrofina	10850	11100
Royal Belge	4500	4561
Soc Gen Banque	N.A.	5020
Soc Gen Belgique	N.A.	2345
Sofina	11300	11350
Solvay	12250	12450
Tractebel	3287	3350
UCB	18425	19125
Powerfin	2800	2850

Current Stock Index : 5534.79
Previous : 5543.58

Frankfurt

	Close	Prev.
AEG	202.80	199.50
Allianz Hold	2490	2507
Altana	514.50	512
Asko	775.50	809
BASF	238.10	240.40
Bayer	257.50	262.20
Bay. Hypo bank	362	366
Bay Vereinsbk	378	380.50
BBC	N.Q.	800
BHF Bank	429	425
BMW	469.50	479.70
Commerzbank	265.50	270
Continental	225	225
Daimler Benz	606.20	604
Degussa	338	344
Dt Babcock	166.70	165.80
Deutsche Bank	661	668.50
Douglas	763	770
Dresdner Bank	374.50	378.50
Feldmuehle	450	441
Harpener	474	476
Henkel	509	515
Hochtief	1185	1200
Hoechst	244.50	246.80
Hoesch	241.20	240.50
Holzmann	1165	1200
Horten	196	196.50
IWKA	291.50	293
Kali Salz	142	145.50
Karstadt	581	591.50
Kaufhof	472	468
KHD	185	177
Kloeckner Werke	130	132
Krupp Stahl	134	131
Linde	784	775
Lufthansa	191	195.90
MAN	371	373.20
Mannesmann	277	282.50
Metallgesell	457	466.50
Muench Rueck	2449	2420
Nixdorf	265	278.50
PKI	503	512
Porsche	770	770
Preussag	256	260.50
PWA	239.20	239
RWE	415	421.50
Rheinmetall	343	343
Schering	767	771.50
SEL	344.50	342
Siemens	632.50	639.50
Thyssen	216.30	217
Varta	320	325
Veba	341	348.80
VEW	211.50	210.50
Viag	351.50	363.80
Volkswagen	374.60	379
Wella	743.50	768.50

DAX Index : 1567.32
Previous : 1582.13
FAZ Index : 643.00
Previous : 671.26

Helsinki

	Close	Prev.
Amer A	58	57
Enso-Gutzeit	18.50	18.50
K.O.P.	34.90	34.90
Kymmene	62	61.50
Metra	63.50	63.50
Nokia	71	71
Pohjola	95	103
Repola	59	57
Stockmann	120	115

Unitas Index : 384.90
Previous : 384.00

Hong Kong

	Close	Prev.
Bk East Asia	14.30	14.30
Cathay Pacific	8.40	8.50
Cavendish Int'l	3.95	3.95
Cheung Kong	14.60	14.50
China Light Pwr	17.80	17.70
Dairy Farm Int'l	11	12.10
Hang Lung Dev	6.85	6.85
Hang Seng Bank	27.50	27.50
Henderson Land	9.95	9.85
HK Air Eng.	17.30	17.30
HK China Gas	11.50	11.50
HK Electric	10.70	10.90
HK Land	8.15	8.55
HK Realty Trust	5.65	4.85
HK Shang Bank	5.80	5.75
HK Shang Htls	4.53	4.43
HK Telecomm	6.90	6.85
HK Ferry	4.43	4.33
Hutch Whampoa	13.50	13.10
Hysan Dev	1.31	1.35
Jardine Math	30.25	30
Jardine Str Hld	15.90	15.30
Kowloon Motor	7.10	6.85
Mandarin Orient	4.93	4.83
Miramar Hotel	5.50	5.65
New World Dev	9.05	9
SHK Props	17.40	17.30
Stelux	3.35	N.Q.
Swire Pac A	17.60	17.60
Tai Cheung Pros	4.13	4.03
TVE	1.12	1.12
Wharf Hold	9.45	9.40
Wing On Co	8.65	8.30
Winsor Ind.	7.85	7.85
World Int'l	5.05	5

Hang Seng Index : 3492.16
Previous : 3467.84

Johannesburg

	Close	Prev.
AECI	14.25	14.25
Altech	100	100
Anglo Amer	97	95.75
Barlows	39	39.25
Blyvoor	8.50	8.75
Buffels	37.50	37
GFSA	54	53.50
Harmony	21	20.75
Highveld Steel	14.50	14.50
Kloof	23.50	22.75
Nedbank Grp	11.25	11
Rusplat	65.75	64.75
SA Brews	46	45.75
St Helena	23	23
Sasol	13	12.50
Welkom	14.50	14
Western Deep	80.50	80

Composite Stock Index : 2811
Previous : 2784

London

	Close	Prev.
Allied Lyons	5.09	5.08
Anglo Am Gld	30.44	30.63
AA Corp	14.85	15
Asda-MFI Gp	1.28	1.29
Ass Brit Foods	4.85	4.83
Barclays	3.90	3.85
Bass	9.87	9.85
B.A.T.	6.60	6.67
Blue Circle	2.51	2.50
BOC Group	5.52	5.66
Boots	3.30	3.38
Bowater	5.24	5.25
BAe	5.52	5.55
BAA	3.85	3.93
Brit Airways	1.54	1.53
British Gas	2.33	2.36
BP	3.18	3.17
British Steel	1.29	1.29
Brit Telecom	2.99	3
BTR	3.59	3.53
Burmah Oil	5.57	5.55
Cable Wire	5.17	5.13
Cadbury Sch	3.60	3.58
Charter Cons	4.70	4.65
Comm Union	5.24	5.17
Cookson	1.19	1.20
Courtaulds	3.57	3.58
Dalgety	3.73	3.75
De Beers	11.38	11.47
Dixons	1.63	1.65
Driefontein	5.14	5.18
Eurotunnel	4.50	4.70
Fisons	4.72	4.22
Gen Acc F	5.50	5.40
GEC	2.05	2.04
GKN	3.57	3.62
Glaxo	9.37	9.48
Grand Met	7.15	7.30
Gt Univ Stores	14.35	14.25
GRE	2.10	2.11
Guinness	7.92	7.97
Hanson Tr	2.14	2.15
Hawker Sidd	4.88	5.05
ICI	10.10	10.25
Kingfisher	3.94	3.99
Land Sec	5.37	5.49
Legal Gen Grp	4.07	4.05
Lloyds Bank	3.25	3.21
Lonrho	2.17	2.11
Lucas Ind	1.52	1.54
Marks Sp	2.36	2.35
Maxwell	1.48	1.48
MB Group	1.82	1.83
Midland Bk	1.68	1.72
NatWest	2.95	2.95
Pearson Grp	6.98	7.15
P and O	5.70	5.65
Pilkington	1.84	1.84
Prudential	2.20	2.18
Racal Elec	1.86	1.91
Randfontein	N.Q.	—
Rank Org	6.85	6.83
Reed Int'l	3.91	4.03
Reuters	7.90	7.88
Rolls Royce	1.52	1.55
Royal Dutch	N.Q.	—
Royal Ins	4.15	4.16
RTZ	5.04	4.98
Saatchi	0.27	0.27
Sainsbury	3.36	3.27
Sears Holds	0.90	0.93
Shell	4.62	4.65
Siebe	6.76	6.77
STC	3.15	3.15
Std Chart Bk	2.68	2.61
Storehouse	1.10	1.10
Sun Alliance	3.64	3.73
Tate and Lyle	3.28	3.26
Tesco	2.42	2.39
Thorn EMI	6.64	6.60
T.I. Group	4.49	4.52
Trafalgar Hse	2.26	2.35
THF	2.44	2.54
Ultramar	3.15	3.17
Unilever	7.38	7.35
Utd Biscuits	3.63	3.64
Vickers	2.08	2.09
War Loan 3½	35.88	35.88
Wellcome	5.01	5.04
Woolworth	N.Q.	—

F.T. 30 Index : 1826.50
Previous : 1840.20
F.T.S.E. 100 Index : 2296.80
Previous : 2312.40

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	2940	2970
Banco Central	4470	4495
Bco. Santander	4965	5000
Banesto	3820	3850
CEPSA	1835	1870
Dragados	2795	2850
Iberduero	705	714
Telefonica	905	905

S.E. General Index : 255.13
Previous : 256.38

Milan

	Close	Prev.
Banca Comm	4440	4515
Bastogi	266	275
Cigahotels	2780	2844
CIR	2370	2380
Cred Ital	2545	2625
Enimont	1551	1552
Eridania	7550	7590
Ferruzzi Fin.	2310	2349
Ferruzzi Agr.	71.50	71.50
Fiat SPA	5530	5640
Generali	34950	35500
IFI	14250	14550
Italcem	21750	21950
Italgas	2825	2850
Italmobiliare	71800	73000
Mediobanca	15510	15980
Montedison	1478	1495
Olivetti	3495	3480
Pirelli	1580	1625
RAS	18300	18600
Rinascente	5815	5895
Saipem	1500	1535
SIP	1360	1393
SME	2899	2970
Snia	1650	1605
Standa	34700	35000
Stet	2190	2250
Toro Ass Risp	21700	22195

MIB current Index : 1093.00
Previous : 1111.00

Montreal

	Close	Prev.
Alcan Aluminum	26	26¼
Bank Montreal	33⅞	34⅛
Bell Canada	42	42⅝
Bombardier A	17⅝	18
Bombardier B	16⅝	16⅝
Cambior	9⅞	9¼
Cascades	4.55	4.55
Dominion Text A	7⅛	7
Donohue	N.Q.	17¼
MacMillan Bl	18⅞	18⅝
Memotec	8⅝	8¼
Natl Bk Canada	9⅞	9⅝
Power Corp.	18	17⅛
Provigo	11⅞	11⅞
Quebec Tel	15⅝	15⅛
Quebecor A	18⅝	18⅛
Quebecor B	16⅝	16⅝
Videotron	13½	13⅝

Industrials Index : 1406.17
Previous : 1419.25

Paris

	Close	Prev.
Accor	742	763
Air Liquide	664	677
Alcatel Alsthom	572	578
Avions Dassault	440	443
Bancaire (Cie)	535	550
BIC	620	617
Bongrain	2492	2510
Bouygues	531	528
BSN-GD	796	802
Carrefour	3550	3599
Cerus	124	124
Chargeurs	766	775
Club Med	461.80	466
Elf-Aquitaine	287.90	288.80
Europe 1	1166	1166
Gen. Eaux	2449	2459
Hachette	198.10	197
Havas	474	474
Imetal	261.50	266.40
Lafarge Coppee	375	376.20
Legrand	3685	3735
Oreal (L')	518	524
L.V.M.H.	3661	3650
Matra	256	262.50
Merlin Gerin	534	557
Michelin B	85.90	85.30
Moulinex	95	95
Occidentale	694	690
Paribas	461.10	462
Pernod-Ricard	1154	1145
Perrier	1428	1484
Peugeot	503	510
Printemps (Au)	620	614
Radiotechnique	329	326
Raff. St. Louis	1355	1370
Redoute (La)	3550	3420
Roussel Uclaf	1770	1761
Saint Gobain	398	398.90
Sanofi	814	818
S.E.B.	1270	1275
Skis Rossignol	650	690
Ste Generale A	403	416
Suez	314.40	306.40
Telemecanique	4500	4500
Thomson-CSF	128.50	130
Total	630	631
Valeo	410	404

CAC 40 Index : 1693.07
Previous : 1709.93

Sao Paulo

	Close	Prev.
Banco do Brasil	40.50	41
Bradesco	5	5.03
Brahma	23	23.50
Paranapanema	1.92	2.04
Petrobras	511	549
Vale Rio Doce	93.40	95.40
Varig	17.50	18.50

Bovespa Index : 59447
Previous : 62275

Singapore

	Close	Prev.
City Dev.	3.10	3.12
DBS	10.70	10.50
Fraser Neave	8.30	8.10
Harrisons Plant	1.56	1.53
Haw Par	2.56	2.46
Hume	3.88	3.90
Inchcape	4.40	4.32
Keppel	6.45	6.45
KL Kepong	3.06	2.96
Lum Chang	1.16	1.15
Malayan Banking	4.58	4.42
OCBC	8.20	8.20
OUB	5.50	5.25
OUE	6.80	6.80
Sembawang	6.35	6.40
Shangri-la	6.30	6.15
Sime Darby	2.78	2.82
SIA	11.70	11.70
S'pore Land	5.85	5.85
S'pore Press	8.10	8.05
Sing Steamship	2.92	2.93
Straits Trading	2.85	2.75
UOB	6.70	6.70
United Overseas	1.61	1.59

Straits Times Ind. : 1397.40
Previous : 1377.30

Stockholm

	Close	Prev.
AGA	282	275
Alfa Laval	258	250
Asea	608	605
Astra-A	445	430
Atlas Copco	190	193
Electrolux B	192	191
Ericsson	189	191
Esselte-A	105	110
Handelsbanken	126	125
Norsk Hydro	178	179.50
Procordia AF	155	150
Saab-Scania	219	219
Sandvik	275	272
SCA-A	115	115
S-E. Banken	66	64
Skandia F	170	170
Skanska	408	383
SKF	90	91
Stora	300	300
Trelleborg B	109	109
Volvo	241	240

Affaersvaerlden : 953.82
Previous : 955.82

Sydney

	Close	Prev.
ANZ	3.44	3.52
BHP	10.40	10.45
Boral	3.75	3.79
Bougainville	0.75	0.72
Coles Myer	8.96	9
Comalco	4	4.05
CRA	10.75	10.85
CSR	5.14	5.24
Dunlop	5.30	5.24
Elders IXL	0.41	0.41
ICI Australia	3.80	3.85
Magellan	2.06	2.05
MIM	1.55	1.61
Nat Aust Bank	6.20	6.28
News Corp	7.70	7.48
N Broken Hill	1.94	1.96
Poseidon	1.40	1.34
QCT Resources	1.10	1.10
Santos	3.55	3.57
TNT	1.42	1.47
Western Mining	4.58	4.64
Westpac Banking	4.02	4.09
Woodside	2.88	2.93

All ordinaries Index : 1372.20
Previous : 1378.60

Tokyo

	Close	Prev.
Akai Electr	678	681
Asahi Chemical	790	793
Asahi Glass	1370	1310
Bank of Tokyo	1230	1250
Bridgestone	1140	1150
Canon	1410	1440
Casio	1120	1120
C.Itoh	780	785
Dai Nippon Print	1620	1640
Daiwa House	2000	2020
Daiwa Securities	1470	1430
Fanuc	5290	5180
Fuji Bank	2540	2520
Fuji Photo	3670	3640
Fujitsu	1170	1210
Hitachi	1300	1300
Hitachi Cable	1070	1080
Honda	1360	1370
Ito Yokado	4100	4100
Japan Airlines	1250	1280
Kajima	1580	1610
Kansai Power	3020	3070
Kawasaki Steel	455	465
Kirin Brewery	1570	1620
Komatsu	965	995
Kubota	771	784
Kyocera	6840	6700
Matsu Elec Inds	1800	1830
Matsu Elec Wks	1450	1460
Mitsubishi Bk	2410	2420
Mitsubishi Kasei	659	670
Mitsubishi Elec	767	789
Mitsubishi Hev	831	850
Mitsubishi Corp	1400	1410
Mitsui and Co	825	820
Mitsukoshi	1290	1290
Mitsumi	1310	1340
NEC	1570	1610
NGK Insulators	1240	1240
Nikko Securities	1040	1060
Nippon Kogaku	1320	1350
Nippon Oil	1100	1110
Nippon Steel	511	514
Nippon Yusen	696	690
Nissan	819	785
Nomura Sec	2150	2170
NTT (SF)	9917	10133
Olympus Optical	1070	1080
Pioneer	5230	5050
Ricoh	830	837
Sanyo Elec	653	660
Sharp	1430	1450
Shimazu	840	848
Shinetsu Chem	1440	1470
Sony	7150	6980
Sumitomo Bk	2370	2400
Sumitomo Chem	557	569
Sumi Marine	1040	1050
Sumitomo Metal	496	500
Taisei Corp	1000	1020
Taisho Marine	1020	1060
Takeda Chem	1780	1780
TDK	5490	5290
Teijin	606	596
Tokyo Marine	1360	1410
Tokyo Elec Pw	4120	4170
Toppan Printing	1520	1530
Toray Ind.	671	685
Toshiba	865	880
Toyota	1830	1830
Yamaichi Sec	1030	1040

Nikkei 225 : 26199
Previous : 26167
Topix Index : 1947
Previous : 1958

Toronto

	Close	Prev.
Abitibi Price	14½	14⅝
Agnico Eagle	5⅝	5⅛
Air Canada	9⅝	9⅝
Alberta Energy	16⅝	16⅝
Am Barrick Res	22½	23
BCE	41⅝	42⅛
BCED	N.Q.	0⅛
Bk Nova Scotia	14⅝	15
BC Gas	15	15⅛
BC Phone	19⅝	20⅛
BP Canada	16⅛	16
Bramalea	9⅝	9½
Brunswick	N.Q.	—
CAE	6	6⅛
Campeau	0.45	0.48
CIBC	30⅞	30⅞
Canadian Pacific	22⅝	22⅞
Can Packers	13⅞	13⅝
Can Tire A	24⅝	24⅞
Canadian Turbo	3.85	3.85
Cantor	23⅝	23½
Cara	16½	16½
CCL Ind B	9⅞	10
Cineplex	2.95	3
Cominco	25	25⅛
Conwest Expl A	N.Q.	—
Corona A	4.90	4.85
Denison Min B	0.61	0.60
Dickenson Min A	N.Q.	3⅛
Dofasco	19⅞	20
Dylex A	3.70	3⅛
Echo Bay Mines	9⅞	9⅝
Equity Silver A	1⅛	1
FCA Int'l	6½	6⅝
Fed Ind A	8⅝	8⅛
Fletcher Chall A	17⅛	17⅛
FPI	7	6⅞
GoldCorp	3.55	3.55
Gulf Cda Res	9⅛	9⅝
Hees Int'l	19	19
Hemlo Gld Mines	9½	9⅝
Hollinger	14⅝	14
Horsham	9⅝	9½
Hudson's Bay	26⅛	26⅝
Imasco	28⅝	28½
Inco	35⅛	34⅞
Interhome	47⅛	48
Jannock	15	15⅛
Labatt	25⅛	23⅞
Loblaw Co	19½	18½
Mackenzie	8⅛	8½
Magna Int'l A	4.60	4.45
Maritime	19⅛	19⅛
Mark Res	8⅛	7⅞
MacLean Hunter	10⅞	10⅞
Molson A	39⅞	39⅞
Noma Ind A	6⅛	6⅝
Noranda	18⅛	18⅛
Noranda Forest	8⅝	8⅞
Norcen Energy	23⅝	23⅞
Nova Corp	9⅝	9⅝
Oshawa	35	35⅛
Pagurin A	6⅛	6⅝
Placer Dome	17⅛	17⅛
Poco Petroleum	6⅝	6⅝
PWA Corp	9⅛	9⅛
Quebec Sturgeon	0⅛	N.Q.
Rayrock	N.Q.	7⅛
Renaissance	15⅛	15⅝
Rogers B	8⅛	8⅝
Rothmans	55⅛	54
Royal Bank Can	24⅛	24⅛
Royal TrustCo	8⅛	8
Sceptre Res	3.60	3.55
Scott's Hosp	16⅛	16⅛
Seagram	109	109⅝
Sears Can	10⅛	10⅝
Shell Can	38⅝	39⅛
Sherritt Gordon	7⅛	7⅛
SHL Systemhse	5⅛	6
Southam	20⅛	20⅛
Spar Aerospace	13⅛	13⅛
Stelco A	10⅛	10⅛
Teck B	21⅛	22⅛
Thomson News	16⅛	16⅛
Toronto Domm	18⅛	19⅛
Torstar B	26⅛	26⅛
Transalta Util	13⅛	13⅛
TransCda Pipe	17⅛	17⅛
Triton Finl A	11⅛	11⅛
Trimac	7⅛	7⅛
Trizec A	16⅛	16⅛
Unicorp A	0.55	N.Q.
Woodward's Ltd	2	2.10

TSE 300 Index : 3493.40
Previous : 3528.50

Zurich

	Close	Prev.
Adia Intl	740	770
Alusuisse	1030	1060
Leu Holdings	[illegible]	1210
Brown Boveri	4310	4390
Ciba Geigy	2750	2790
CS Holding	1930	1890
Elektrow	2900	2940
Fischer	1460	1475
Interdiscount	3090	3150
Jacobs Suchard	7550	7550
Jelmoli	1500	1530
Landis Gyr	1050	1090
Moevenpick	4650	4700
Nestle	7980	8000
Oerlikon-B	470	495
Pargesa Hld	1090	1100
Roche Holding B	4085	4030
Safra Republic	75	75
Sandoz	2070	2090
Schindler	5480	5500
Sulzer	408	406
Surveillance	6330	6460
Swissair	725	755
SBC	314	324
Swiss Reinsur	580	595
Swiss Volksbank	1300	1380
Union Bank	3260	3340
Winterthur	4050	4140
Zurich Ins	2140	2170

SBS Index : N.Q.
Previous : 581.30

U.S. FUTURES

Via Associated Press Feb. 20

Season High	Season Low		Open	High	Low	Close	Chg.
Grains							
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.85	2.44½	Mar	2.53¼	2.54	2.52	2.52½	—.02
3.73	2.54¼	May	2.64	2.64	2.62¾	2.63¼	—.01½
3.63	2.62	Jul	2.74¼	2.74¼	2.72½	2.73	—.02
3.26	2.69½	Sep	2.80½	2.80½	2.79¼	2.80¼	—.01½
3.17	2.81½	Dec	2.94	2.94½	2.92½	2.93	—.02
3.70¾	2.89¼	Mar	3.01½	3.01½	3.00	3.00½	—.02
Est. Sales Prev. Sales 7,441							
Prev. Day Open Int. 51,914 off 1,374							
WHEAT (KCBT) 5,000 bu minimum- dollars per bushel							
		Mar	2.43½	2.44½	2.43½	2.43½	— .01¼
		May	2.49½	2.49½	2.47½	2.47½	— .02
		Jul	2.73¼	2.74½	2.72½	2.72¾	— .02
		Sep	2.80	2.80	2.78	2.78½	— .02¾
		Dec	2.88	2.88	2.87¾	2.87¾	— .02
		Mar	2.94	2.94	2.93	2.93	— .03½
Est.Sales Prv.Sales 3,643 Prev.Day Open Int 24,045 Chg. +21,447							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
3.02½	2.27¾	Mar	2.40	2.40	2.38½	2.39	—.00¾
3.06½	2.35	May	2.48¾	2.49	2.47¼	2.47½	—.01
3.08¼	2.41½	Jul	2.55¼	2.55¾	2.53¼	2.54¼	—.01¼
2.87½	2.49¼	Sep	2.57	2.57½	2.55½	2.55¾	—.01¼
2.75	2.42½	Dec	2.57	2.57¼	2.55½	2.58½	—.01
2.70	2.49	Mar	2.66¼	2.66½	2.64¾	2.66	—.01
2.72	2.58¼	May	2.70¼	2.71	2.70	2.71	—.01
Est. Sales Prev. Sales 27,536							
Prev. Day Open Int.219,678 up 337							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
7.03	5.49½	Mar	5.76	5.77	5.73	5.73¼	—.01½
7.11	5.61	May	5.91½	5.91½	5.86½	5.87	—.02¼
7.18	5.76	Jul	6.05	6.05	5.99½	5.99¾	—.03
6.95	5.82	Aug	6.10½	6.11	6.05	6.05	—.03
6.58	5.89	Sep	6.12½	6.12½	6.07	6.07	—.04
6.74	5.99½	Nov	6.22½	6.22½	6.16	6.16½	—.04¾
6.47½	6.02½	Jan	6.33½	6.33½	6.28	6.28	—.04½
6.54	6.11¼	Mar	6.43	6.43½	6.39	6.40	—.05
6.53½	6.39½	May				6.48	—.06
Est. Sales Prev. Sales 29,435							
Prev. Day Open Int.111,487 off 291							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
212.00	160.60	Mar	167.80	168.30	166.20	167.50	—.30
208.00	165.50	May	172.10	172.70	170.70	171.50	—.30
209.00	170.00	Jul	176.10	176.60	175.10	176.00	—.10
195.50	172.50	Aug	178.20	178.50	177.20	177.80	—.30
193.50	173.00	Sep	180.00	180.00	179.10	179.80	—.20
189.00	172.50	Oct	181.20	181.30	180.60	181.30	+.10
191.50	174.80	Dec	184.20	184.40	183.20	184.40	—.10
190.50	177.80	Jan	185.00	185.00	184.50	184.50	—.70
Est. Sales Prev. Sales 15,564							
Prev. Day Open Int. 60,220 off 305							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.61	19.82	Mar	21.23	21.32	21.11	21.12	—.06
25.55	20.15	May	21.63	21.69	21.48	21.51	—.08
25.60	20.85	Jul	21.95	21.99	21.79	21.84	—.09
25.50	20.90	Aug	22.05	22.10	21.90	21.90	—.13
25.10	21.00	Sep	22.19	22.22	22.00	22.08	—.15
24.90	21.08	Oct	22.24	22.30	22.02	22.02	—.13
24.00	21.17	Dec	22.40	22.42	22.15	22.23	—.22
22.95	21.00	Jan				22.27	—.22
22.95	20.10	Mar				22.45	—.15
		May				22.55	—.25
Est. Sales Prev. Sales 14,136							
Prev. Day Open Int. 70,452 off 925							
Livestock							
CATTLE (CME) 40,000 lbs.- cents per lb.							
79.37	72.50	Feb	79.55	79.65	79.35	79.62	+.27
78.95	74.15	Apr	78.82	79.02	78.62	78.97	+.05
75.62	72.15	Jun	75.40	75.67	75.35	75.62	+.17
74.10	70.35	Aug	73.92	74.27	73.90	74.22	+.22
74.10	70.70	Oct	73.95	74.25	73.90	74.22	+.27
74.62	71.75	Dec	74.40	74.75	74.40	74.70	+.50
74.50	72.80	Feb	74.50	74.60	74.50	74.55	+.35
Est. Sales 8,961 Prev. Sales 12,224							
Prev. Day Open Int. 78,717 off 1,945							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
89.15	80.90	Mar	88.75	89.10	88.67	89.02	+.17
86.85	81.20	Apr	86.72	87.20	86.70	87.02	+.25
85.20	80.30	May	85.10	85.60	85.10	85.47	+.30
85.20	80.20	Aug	85.05	85.30	85.00	85.30	+.30
84.75	79.75	Sep	84.75	84.90	84.75	84.90	+.15
84.50	80.50	Oct	84.60	84.80	84.55	84.80	+.30
84.50	81.20	Nov	84.55	84.85	84.55	84.90	+.25
84.50	84.00	Jan				84.80	+.30
Est. Sales 1,514 Prev. Sales 1,217							
Prev. Day Open Int. 14,069 up 20							
HOGS (CME) 30,000 lbs.- cents per lb.							
54.45	45.25	Feb	52.12	52.12	51.77	51.85	—.27
51.80	43.60	Apr	49.75	50.10	49.65	49.80	—.07
54.10	47.70	Jun	55.12	55.32	54.85	55.05	—.02
55.95	48.30	Jul	54.60	54.80	54.45	54.55	—.02
53.50	46.90	Aug	51.80	51.85	51.50	51.62	+.02
48.20	43.90	Oct	46.85	46.90	46.65	46.70	
48.50	44.50	Dec	47.10	47.10	47.00	46.82	—.20
48.25	44.50	Feb				48.05	+.20
Est. Sales 5,480 Prev. Sales 6,389							
Prev. Day Open Int. 24,541 off 367							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
73.80	48.07	Feb	64.40	64.50	63.67	64.25	—.77
73.45	49.20	Mar	63.50	63.50	62.57	62.90	—.72
73.12	49.50	May	63.20	63.20	62.52	62.77	—.58
72.80	50.75	Jul	61.80	61.85	61.30	61.67	—.83
70.05	51.60	Aug	59.85	60.00	59.85	59.75	—.15
63.00	58.00	Feb				57.02	—.23
Est. Sales 3,093 Prev. Sales 2,532							
Prev. Day Open Int. 10,657 off 15							
Food							
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
116.75	81.75	Mar	90.25	92.40	90.10	92.05	+1.65
123.00	84.35	May	93.00	95.00	92.85	94.65	+1.55
111.50	86.90	Jul	95.15	97.25	95.15	96.75	+1.30
113.50	89.50	Sep	97.50	99.10	97.40	98.80	+1.10
114.00	92.50	Dec	101.00	101.00	101.00	101.90	+1.60
107.50	95.50	Mar				102.80	+.20
105.00	99.00	May				105.40	+.20
		Jul				107.35	+.20
Est. Sales Prev. Sales 11,453							
Prev. Day Open Int. 39,015 off 1,093							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
15.22	8.86	Mar	8.76	8.80	8.55	8.63	—.09
15.09	8.70	May	8.52	8.56	8.37	8.42	—.10
14.90	8.70	Jul	8.50	8.56	8.36	8.38	—.09
14.40	8.80	Oct	8.50	8.55	8.33	8.34	—.12
10.14	8.38	Mar	8.69	8.69	8.57	8.50	—.14
9.77	8.77	May	8.56	8.58	8.58	8.58	—.19
		Jul				8.68	—.09
Est. Sales 25,663 Prev. Sales 20,647							
Prev. Day Open Int.126,677 off 2,596							
COCOA (NYCSCE) 10 metric tons-$ per ton							
1581	607	Mar	1139	1149	1150	1151	—11
1572	1000	May	1184	1193	1169	1171	—14
1590	1060	Jul	1215	1222	1201	1203	—11
1515	1223	Sep	1246	1246	1245	1233	—11
1535	1274	Dec	1291	1300	1279	1279	—12
1538	1310	Mar	1333	1333	1333	1320	—11
1385	1350	May	1360	1362	1360	1352	—11
		Jul				1383	—10
Est. Sales Prev. Sales 3,372							
Prev. Day Open Int. 36,840 up 286							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
190.50	101.20	Mar	113.75	114.75	111.00	112.50	—2.55
190.00	101.50	May	114.70	115.25	111.80	112.65	—2.90
180.00	102.50	Jul	115.75	115.75	112.50	114.10	—2.15
127.00	106.00	Sep	115.50	115.50	114.00	114.90	—1.95
Est. Sales 3,000 Prev. Sales 2,402							
Prev. Day Open Int. 6,650 off 167							
Metals							
HI GRADE COPPER (COMEX) 25,000 lbs.- cents per lb.							
120.00	99.50	Feb	110.60	111.50	110.10	110.15	—.65
122.60	92.30	Mar	109.90	110.80	109.30	109.40	—.65
117.90	99.85	Apr	108.50	108.50	108.00	107.80	—.40
117.80	97.00	May	106.50	107.30	106.30	106.70	—.15
115.00	102.20	Jun				105.90	+.15
112.50	94.50	Jul	105.00	105.80	104.80	104.90	+.45
107.58	102.00	Aug	104.55	104.55	104.55	104.55	+.45
110.50	95.50	Sep	103.50	104.20	103.50	103.65	+.20
106.00	101.50	Oct				103.25	+.45
105.00	101.00	Nov				102.75	+.45
108.50	94.50	Dec	102.30	102.60	102.10	102.30	+.75
104.50	99.55	Jan				101.90	+.80
106.80	96.00	Mar				101.25	+.95
104.20	100.00	May	101.45	101.45	101.45	100.85	+1.05
103.00	103.00	Jul				100.55	+1.05
103.00	102.00	Sep				100.35	+1.05
		Dec				100.05	+1.05
Est. Sales 5,500 Prev. Sales 7,691							
Prev. Day Open Int. 34,541 off 515							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
399.8	364.0	Feb	368.0	368.0	368.0	367.3	—1.4
665.0	362.0	Mar	370.0	371.0	363.0	367.7	—1.4
		Apr				369.5	—1.4
647.0	368.0	May	375.0	376.0	368.0	372.1	—1.4
667.5	372.0	Jul	379.5	380.5	372.0	377.0	—1.4
654.0	379.0	Sep	384.5	385.0	380.0	381.8	—1.3
623.5	386.5	Dec	392.5	392.5	385.0	388.8	—1.3
596.0	404.0	Jan				390.2	—1.3
613.8	394.0	Mar	395.0	396.0	394.0	396.2	—1.2
589.0	400.0	May				401.4	—1.5
557.0	420.0	Jul	408.0	408.0	408.0	406.5	—1.6
482.5	415.0	Sep				411.9	—1.6
439.0	418.0	Dec				419.9	—1.6
Est. Sales 26,000 Prev. Sales 33,677							
Prev. Day Open Int.106,372 up 4,235							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
554.50	373.50	Apr	383.50	385.00	382.50	383.90	+1.10
528.50	378.00	Jul	387.50	389.00	387.00	387.70	+1.20
513.00	384.00	Oct	390.00	393.00	390.00	391.50	+1.20
451.50	388.00	Jan				395.30	+.70
Est. Sales Prev. Sales 2,787							
Prev. Day Open Int. 15,896 off 52							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
142.00	80.55	Mar	85.00	85.00	84.00	84.15	—.65
125.25	82.00	Jun	86.00	86.00	86.00	85.65	—.65
119.40	82.50	Sep	87.25	87.25	87.00	86.05	—.65
114.50	85.10	Dec				87.05	—.65
135.75	88.75	Mar				87.80	—.65
Est. Sales Prev. Sales 441							
Prev. Day Open Int. 4,519 off 53							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
457.50	340.50	Feb	365.00	365.60	363.50	364.70	+.30
408.50	341.70	Mar				364.70	+.10
460.00	342.50	Apr	366.30	367.60	365.00	366.10	
466.20	346.00	Jun	369.30	370.30	368.10	369.30	+.10
440.00	349.50	Aug				372.40	+.10
476.00	373.50	Oct	375.80	376.30	375.80	375.70	+.10
483.00	375.50	Dec	379.70	379.80	378.50	379.00	+.30
456.50	381.50	Feb	382.50	382.50	382.50	382.50	+.40
446.00	383.50	Apr				385.80	+.40
467.00	388.00	Jun				389.40	+.40
438.50	397.90	Aug				393.10	+.40
410.30	401.50	Oct				396.70	+.40
425.00	408.00	Dec				400.40	+.40
Est. Sales 21,000 Prev. Sales 26,047							
Prev. Day Open Int. 96,905 up 1,155							
Financial							
US T. BILLS (IMM) $1 million- pts of 100 pct.							
94.29	91.44	Mar	94.13	94.17	94.09	94.12	
94.52	91.52	Jun	94.31	94.34	94.26	94.31	+.01
94.43	91.60	Sep	94.15	94.19	94.15	94.17	—.01
94.13	92.24	Dec	93.88	93.88	93.88	93.85	—.05
93.95	93.47	Mar				94.00	
		Jun				93.80	
Est. Sales 12,342 Prev. Sales 9,517							
Prev. Day Open Int.							
5 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
02.180	97.000	Mar	101.300	101.310	101.245	101.250	—.050
01.285	99.010	Jun	101.160	101.180	101.120	101.125	—.050
Est. Sales Prev. Sales 8,765							
Prev. Day Open Int. 83,783 off 710							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
101-3	92-23	Mar	100-18	100-21	100-10	100-10	—9
100-27	93-18	Jun	100-5	100-6	99-28	99-29	—9
100-1	97	Sep				99-15	—8
		Dec				99	
Est. Sales Prev. Sales 12,811							
Prev. Day Open Int. 83,554 up 745							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
99-12	79-21	Mar	97-25	98-4	97-14	97-17	—14
99-4	83-18	Jun	97-8	97-17	96-27	96-31	—14
99-5	85-27	Sep	96-23	96-23	96-11	96-15	—14
98-20	85-17	Dec	96-2	96-4	95-26	95-30	—14
98-13	85-14	Mar	95-10	95-18	95-8	95-14	—14
97-19	85-2	Jun	94-25	95-1	94-23	94-31	—14
95-8	87-14	Sep				94-7	—14
94-11	85-6	Dec				93-23	—14
Est. Sales Prev. Sales 186,790							
Prev. Day Open Int.269,874 off 18,087							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
92-11	85	Mar	92-4	92-4	91-22	91-25	—15
92-2	84-26	Jun	91-15	91-16	91-4	91-6	—17
97-11	84-7	Sep	91-10	91-10	90-27	91	—17
Est. Sales Prev. Sales 4,138							
Prev. Day Open Int. 13,005 up 429							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
93.37	89.96	Mar	93.23	93.31	93.19	93.26	+.02
93.49	89.91	Jun	93.32	93.40	93.26	93.34	+.02
93.35	90.84	Sep	93.16	93.22	93.10	93.17	+.01
93.03	90.04	Dec	92.83	92.86	92.76	92.82	—.02
92.87	90.09	Mar	92.71	92.73	92.63	92.69	—.04
92.62	90.35	Jun	92.42	92.44	92.38	92.41	—.04
92.35	90.32	Sep	92.14	92.18	92.10	92.16	—.03
92.04	90.24	Dec	91.86	91.88	91.82	91.86	—.03
91.97	90.28	Mar	91.83	91.85	91.79	91.82	—.03
91.89	90.27	Jun	91.73	91.75	91.71	91.72	—.03
91.81	90.27	Sep	91.66	91.68	91.64	91.65	—.03
91.66	90.22	Dec	91.50	91.53	91.49	91.50	—.03
91.66	90.24	Mar	91.49	91.52	91.48	91.50	—.03
91.57	90.40	Jun	91.43	91.44	91.40	91.42	—.03
91.52	90.36	Sep	91.38	91.40	91.36	91.37	—.03
91.44	90.74	Dec	91.28	91.29	91.28	91.28	—.03
Est. Sales Prev. Sales							
Prev. Day Open Int.							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.9888	1.6610	Mar	1.9422	1.9452	1.9346	1.9392	
1.9600	1.7060	Jun	1.9158	1.9184	1.9070	1.9130	+12
1.9340	1.8380	Sep				1.8906	+4
Est. Sales 14,162 Prev. Sales 20,603							
Prev. Day Open Int. 33,580 off 3,648							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8668	.7990	Mar	.8643	.8654	.8640	.8651	+2
.8598	.7995	Jun	.8579	.8590	.8576	.8587	+2
.8545	.8030	Sep				.8536	+2
.8497	.8175	Dec	.8488	.8488	.8488	.8490	+2
.8360	.8268	Mar				.8445	+2
.8330	.8330	Jun				.8395	+11
Est. Sales 4,345 Prev. Sales 2,918							
Prev. Day Open Int. 27,298 up 53							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6912	.5820	Mar	.6692	.6700	.6652	.6671	—11
.6870	.6233	Jun	.6655	.6661	.6616	.6632	—11
.6810	.6391	Sep	.6590	.6590	.6580	.6595	—10
.6770	.6340	Dec				.6558	—10
Est. Sales 37,220 Prev. Sales 43,261							
Prev. Day Open Int. 70,890 off 3,852							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008040	.006315	Mar	.007605	.007617	.007573	.007598	+7
.008010	.006645	Jun	.007584	.007593	.007551	.007577	+7
.007870	.007435	Sep				.007567	+7
.007559	.007559	Dec				.007569	+6
		Mar				.007571	+5
Est. Sales 29,187 Prev. Sales 31,416							
Prev. Day Open Int. 61,846 off 2,141							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.8108	.6500	Mar	.7836	.7847	.7776	.7804	—7
.8084	.7065	Jun	.7818	.7812	.7755	.7781	—7
.8055	.6916	Sep				.7763	—7
.8090	.7700	Dec				.7753	—7
Est. Sales 29,843 Prev. Sales 28,656							
Prev. Day Open Int. 36,261 up 95							
Industrials							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
86.70	63.82	Mar	86.60	86.65	84.66	85.39	—1.26
86.25	64.40	May	86.55	86.55	84.51	85.15	—1.06
85.30	65.67	Jul	85.49	85.60	83.75	84.25	—.98
73.10	66.77	Oct	73.30	73.50	72.48	72.90	—.10
69.10	63.75	Dec	68.30	68.35	67.75	67.95	—.30
68.75	64.65	Mar	68.56	68.60	68.25	68.25	—.30
68.80	65.10	May	68.80	68.90	68.50	68.90	+.10
68.55	66.50	Jul	68.90	69.00	68.90	68.95	+.40
Est. Sales 15,000 Prev. Sales 13,983							
Prev. Day Open Int. 48,571 up 758							
HEATING OIL (NYME) 42,000 gal- cents per gal							
94.50	50.70	Mar	62.10	65.00	61.90	64.50	+3.87
92.00	49.30	Apr	55.00	56.30	54.75	56.20	+2.26
88.50	48.40	May	51.25	52.40	51.25	52.00	+1.33
85.75	48.00	Jun	49.85	50.80	49.50	50.50	+1.33
85.07	48.00	Jul	49.70	50.20	49.18	49.85	+1.28
84.28	49.00	Aug	49.80	50.70	49.80	50.50	+1.28
85.00	50.25	Sep	51.15	51.85	51.15	51.75	+1.28
78.00	51.30	Oct	52.25	52.90	52.25	52.65	+1.28
82.62	52.30	Nov	53.65	53.75	53.65	53.65	+1.20
68.50	53.40	Dec	54.25	55.10	54.25	54.65	+1.10
57.40	52.25	Jan	54.25	54.75	54.25	54.75	+1.10
53.75	51.80	Feb	53.60	53.40	53.60	53.60	+1.30
		Mar	52.50	52.50	52.50	52.50	+2.70
Est. Sales Prev. Sales 28,219							
Prev. Day Open Int. 85,500 off 322							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
35.40	18.40	Mar	20.25	20.95	20.20	20.25	+.18
33.90	18.03	Apr	18.95	19.65	18.90	19.55	+.76
32.70	17.50	May	18.10	18.70	18.05	18.59	+.65
31.50	16.65	Jun	17.45	18.15	17.45	18.20	+.72
30.40	16.88	Jul	17.40	17.90	17.35	17.75	+.50
29.50	16.90	Aug	17.45	17.85	17.40	17.64	+.45
28.72	16.90	Sep	17.35	17.84	17.25	17.70	+.45
28.40	17.04	Oct	17.30	17.95	17.30	17.73	+.44
28.10	17.20	Nov	17.37	17.99	17.37	17.85	+.48
27.70	17.10	Dec	17.50	18.07	17.50	17.95	+.51
27.60	17.25	Jan	17.55	18.10	17.55	18.03	+.51
27.00	17.50	Feb	17.40	17.95	17.40	17.95	+.38
26.75	17.25	Mar	17.85	18.30	17.85	18.23	+.38
26.50	17.50	Apr	18.15	18.15	18.15	18.15	+.39
24.50	17.70	Jun	17.95	17.95	17.95	17.96	+.42
24.00	17.78	Sep	18.40	18.40	18.40	18.40	+.45
24.00	18.25	Dec	18.85	18.85	18.85	18.85	+.45
Est. Sales Prev. Sales 1,302							
Prev. Day Open Int.274,754 off 7,980							
UNLEADED GASOLINE (NYME) 42,000 gal- cents per gal							
95.00	50.65	Mar	59.50	61.20	59.30	60.60	+1.96
98.55	54.90	Apr	61.25	62.70	61.20	62.45	+1.77
97.00	55.05	May	60.00	61.10	59.75	60.90	+1.45
95.50	54.90	Jun	58.40	59.20	58.40	58.80	+1.20
82.70	55.25	Jul	56.20	57.20	56.20	57.28	+1.60
90.50	53.50	Aug	54.25	55.30	54.30	55.30	+1.60
87.80	51.60	Sep	52.80	53.35	52.75	53.35	+1.75
Est. Sales Prev. Sales 15,668							
Prev. Day Open Int. 70,811 up 1,201							
Stock Indexes							
SP COMP. INDEX (CME) points and cents							
383.20	298.00	Mar	368.50	368.50	365.15	366.50	—3.65
383.35	300.90	Jun	371.40	371.40	368.15	369.50	—3.60
375.80	304.00	Sep	373.20	373.20	373.20	372.15	—3.65
378.50	321.75	Dec				374.85	—3.85
Est. Sales Prev. Sales 54,206							
Prev. Day Open Int.170,051 off 828							
NYSE COMP. INDEX (NYFE) points and cents							
207.80	163.85	Mar	200.90	200.95	199.25	199.90	—2.00
204.20	165.85	Jun	202.10	202.10	200.55	201.25	—2.00
204.70	173.10	Sep				202.55	—2.00
206.00	175.50	Dec				203.85	—2.00
Est. Sales 60,129 Prev. Sales 4,117							
Prev. Day Open Int. 5,841 off 53							

Commodity Indexes

	Close	Previous
Moody's	1,030.60 f	1,036.30 f
Reuters	1,653.40	1,682.30
D.J. Futures	128.06	128.26
Com. Research	212.92	213.08

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

U.S. AT THE CLOSE

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Square D Chief Is Cool to Schneider Bid

By Jacques Neher
Special to the Herald Tribune

PARIS — The $1.8 billion offer by Schneider SA, the acquisitive French engineering group, for the U.S. electrical-equipment manufacturer Square D Co. appeared likely Wednesday to escalate into a hostile takeover bid.

Schneider's chairman, Didier Pineau-Valencienne, has given Square D, which has been the object of takeover speculation in recent months, until March 1 to respond to its $78-a-share offer that was made late Tuesday.

However, Jerre L. Stead, chairman of Square D, indicated that the company, based near Chicago, would resist.

Although he said that the company's board would respond "in due course," Mr. Stead added in a statement that it was in the best interest of Square D's shareholders "to operate independently" and for the company "to pursue its long-term strategic plan."

If the offer is accepted it would turn Schneider into the largest maker of electrical distribution equipment in the world and give the French company a much stronger footing in the U.S. market.

Square D stock shot up $21.50 a share, to trade at $73.50 in the afternoon Wednesday in New York.

In Paris, Schneider's stock fell 5.6 percent, to 686 francs, from 727 francs on Tuesday on fears that earnings would be significantly diluted if the acquisition succeeded.

Analysts, favorable to the deal over the long term, believed Schneider would pursue Square D in a Wall Street battle if it were rebuffed by the company's board.

In an interview, Mr. Pineau-Valencienne said the offer was "very serious" and that he was "very dedicated to see this thing happen." He said no decision had been made about making a hostile bid if the offer was rejected.

Analysts interviewed by The New York Times said that despite the wish of Square D's senior management to remain independent, Schneider's proposal might be hard to turn down.

These analysts noted that the proposed takeover price represented a 50 percent premium over Square D's closing price Tuesday and that the company's stock had traded as low as $33 in the last year.

Square D also has not been doing well of late. Its operating earnings fell 9 percent in the fourth quarter, to $41 million. Full-year operating earnings dropped 12 percent, to $178 million. Sales have been flat.

Schneider had sales in 1990 of 52 billion francs ($10.2 billion) and net income for the year was expected to be 930 million francs, up 6 percent from 1989.

Although Mr. Pineau-Valencienne said the acquisition would dilute 1991 earnings "in the single digits," Ian Furnivall, analyst with *UBS/Phillips & Drew in Paris*, estimated that earnings could be diluted "at least 20 percent, and possibly 30 percent."

He said Schneider was making "a courageous move" in going after Square D at this time. "They're acquiring a very cyclical business at a time when the U.S. economy is heading south," he said.

Analysts said it appeared that Schneider was making a preemptive offer to head off other would-be acquirers, such as Siemens AG of Germany, which is active in the same businesses.

Mr. Pineau-Valencienne acknowledged that his move was motivated by the extensive speculation around Square D stock.

"Before someone else jumps in, I'm taking the risk of making an offer," he said.

Vincent Mordrel, analyst with DLP/James Capel in Paris, said the proposed acquisition of Square D appeared to be "a very good deal over the long term, even if it doesn't come cheap."

Rhône-Poulenc Profit Sank 53% Last Year

Reuters

PARIS — Rhône-Poulenc SA, the state-owned chemical and pharmaceutical group, reported Wednesday that its net profit sank 53 percent in 1990, but said it expected a recovery in earnings this year.

Net income fell to 1.94 billion francs ($382 million) in 1990, from 4.09 billion in 1989.

The chairman, Jean-René Fourtou, said growth should return in 1991 and he forecast that operating income would improve by at least 25 percent this year.

"Despite a difficult first half, with a weak dollar and continued problems in Brazil, we expect to see at least a 25 percent improvement in operating income this year," Mr. Fourtou said.

He said he could not estimate what net income would be, but that 1991 would be better than 1990.

The group cut the dividend it pays to holders of its nonvoting investment certificates to 15.50 francs from 22.50.

Despite this year's better outlook, the concern decided to make an unexpectedly high provision for future restructuring of 954 million francs.

Last year Rhône-Poulenc suffered from unfavorable exchange rates, a slowing world economy and higher prices for energy and certain chemical raw materials — as did all chemical firms.

Its Brazilian subsidiary also had a loss of 300 million francs in 1990, compared with a profit of nearly one billion in 1989.

Rhône-Poulenc carries a heavy debt burden after making major acquisitions over the past two years.

But its spending spree will boost profit this year, Mr. Fourtou said. "I don't know where the group would be today if we hadn't made those acquisitions," he said.

The purchases gave it more involvement in pharmaceuticals and agricultural chemicals, both more recession-proof than its basic chemical businesses, which are cyclical.

Bonn Weighs Oil Tax Rise

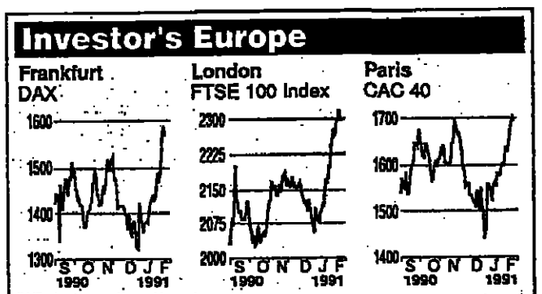
Reuters

BONN — A top official in the CSU, the Bavarian sister party of Chancellor Helmut Kohl's Christian Democratic Union, said he expects a rise in Germany's oil tax, levied on gasoline, diesel and heating oil and gas.

Wolfgang Boetsch, head of the CSU group in parliament, said a higher oil tax would be acceptable from an environmental standpoint but he declined comment on a proposal from the CDU for a 5 percent surcharge on income-tax payments.

Meanwhile, the CDU general secretary, Volker Ruehe, said rebuilding the shattered economy in former East Germany was proving tougher than expected.

Investor's Europe



Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	86.70	88.40	-1.92
Brussels	Stock Index	5534.78	5563.58	-0.52
Frankfurt	DAX	1567.32	1587.13	-1.25
Frankfurt	FAZ	663.00	671.26	-1.23
Helsinki	UNITAS	384.90	384.00	+0.23
London	Financial Times 30	1826.20	1848.20	-1.19
London	FTSE 100	2296.80	2312.40	-0.67
Madrid	General Index	255.13	256.36	-0.48
Milan	MIB	1093.00	1111.00	-1.62
Paris	CAC 40	1693.07	1700.93	-0.46
Stockholm	Affarsvarlden	953.82	955.02	-0.13
Vienna	Stock Index	554.94	554.94	Unch
Zurich	SBS	N.Q.	581.50	-

Sources: Reuters, AFP

International Herald Tribune

Shell Net Dropped 8.6% in 1990

Compiled by Our Staff From Dispatches

LONDON — Royal Dutch/Shell Group's 1990 net income fell 8.6 percent, to £3.61 billion ($7.04 billion) from £3.95 billion, mainly because of lower earnings from chemicals, but the multinational increased its dividend.

The British-Dutch group announced Wednesday that exploration and production earnings increased substantially last year, mainly because of higher crude oil prices in the second half stemming from the Gulf crisis.

Group fourth-quarter net income rose 12 percent, to £1.14 billion from £1.02 billion, it said.

The group divides net income 60-40 between Royal Dutch Petroleum Co. of the Netherlands and Shell Transport & Trading PLC of Britain.

Royal Dutch said it would pay shareholders a dividend of 4.5 guilders ($2.68) a share for the second half, making a total payout of 7.85 guilders for 1990, up from 7.65 a year earlier.

Shell Transport & Trading's dividend for the second half was 11 pence, making 20 pence for the year, against 18 pence in 1989.

The results were mainly in line with analysts' expectations. Shares of Shell closed in London at 464 pence, down slightly from 465 at the close on Tuesday. In Amsterdam, Royal Dutch closed at 133.70 guilders, almost unchanged from 133.40 guilders.

Lo van Wachem, joint chairman, stressed the marked effect of the Gulf crisis, which "threw its shadow over the oil markets" and caused sharp fluctuations in oil prices. Company sources said that elimination of profits and losses on oil stocks would put the net profit last year at £3.014 billion, down 16 percent from the previous year on the same basis.

(Reuters, AFP)

EC Commission Approves Measures on Life Insurance

United Press International

STRASBOURG, France — Legislation to provide companies with a "passport" to sell life insurance throughout the European Community has been approved by the EC Commission.

The directive, if adopted by the Council of Ministers, the EC decision-making body, would complete insurance measures under the Community's plans to adopt a single market by the end of 1992. The directive is modeled on a banking law adopted last year, allowing companies to sell life insurance throughout the 12-nation Community if they are licensed in one of the member states.

"This will be a major boost for the Community's economy, and will provide a marvelous launch pad for Europe's insurance companies to sell in world markets," said Sir Leon Brittan, the EC commissioner for competition and financial services.

The measure contains several consumer provisions, including a rule protecting policyholders under laws of their country of residence or nationality. All policyholders, regardless of nationality, are treated equally in the event an insurance company is liquidated.

In addition, policyholders have a 14-day to 30-day period to change their minds after an insurance contract is agreed to, and policyholders must be provided detailed information on precise terms and conditions of all contracts.

GATT: *Talks Start Anew*

(Continued from first finance page)

GATT was founded shortly after World War II.

The mood at GATT headquarters was ebullient, although officials said it could still take many more months to finish the Round.

"We all have a small smile on our faces this afternoon," one GATT official commented.

He said Mr. Dunkel would probably convene the Trade Negotiations Committee on Tuesday.

"Legally speaking that's the point at which the Uruguay Round is back completely on track," he said. "Politically it restarted today."

One source, speaking on condition of anonymity, said that agreements are still far off.

"This doesn't mean we can't achieve a great deal in the next few months," the source said, "but it's clear we are not going to be able to address the major political problems."

Mr. Dunkel was not expected to set deadlines, after the failure of a December meeting in Brussels, where trade ministers were supposed to sign final accords.

President George Bush needs congressional agreement to extend Washington's negotiating authority past March 1.

The Brussels meeting collapsed last December because the Community balked at drastic cuts in farm aid.

The cuts were demanded by the United States and farm exporters like Argentina and Australia.

(AP, Reuters)

BANKS: *U.K. Analysts Say Hard Times Will Linger*

(Continued from first finance page)

news in the near term," said Rod Barrett of Goldman Sachs, who said the banks would be "as conservative as they can on provisioning."

Bank profits also have been hit by the virtual collapse of loan demand since the start of the recession. Total British bank lending to the private sector increased by £173 million in December and fell by £500 million in January, compared with an average monthly rise of £1.6 billion recently.

Overall, Mr. Broughton estimated that the growth of loan demand has fallen by two-thirds since the first half of 1990. Moreover, few analysts expect lower interest rates to lead to a quick recovery.

"Even when the economy picks up, there will be a lag before loan demand picks up, because people and companies will be trying to reduce their debt, not increase it," Mr. Law said.

The big banks have responded to these pressures by moving up planned cost-cutting measures. "There has got to be dramatic action," Mr. Broughton said, adding that the banks needed to cut staff by 10 percent to 15 percent.

Mr. Barrett said that bank costs have been outstripping inflation by as much as 2 percent to 3 percent each year. He said all the banks had to reduce staff, eliminate unprofitable products, and sell off peripheral businesses.

Barclays has announced it would cut up to 17,000 jobs in the next few years, NatWest is eliminating 15,000 jobs by 1994, and Midland is at the start of a program to reduce staff by 4,000 by the end of this year.

The analysts also said the banks needed to do more to rationalize their product lines and review the operation of their branch networks. The intense competition for retail business in the 1980s led banks to offer an array of products and services that have never made money.

At the same time, the banks have been perhaps too slow to take advantage of their branch networks as retail outlets for the most lucrative new products in their arsenal, namely insurance goods. "Banks are getting into this in varying ways and at different paces, but much more needs to be done," Mr. Barrett said.

Although some analysts said the banks might slow their cost-cutting efforts initially when the economic upswing starts, they said the easing would be short-lived. "The fact is that the sector's problems cannot be blamed solely on the recession," Mr. Law said.

He predicted that the sharply increased competition across the board that characterized the 1980s would continue and might increase in the 1990s.

Moreover, said the analysts, although U.S. and Japanese banks have largely departed from the lucrative British market in the past year, allowing prices to rise, they cannot be expected to stay away once their own recovery begins.

At the retail end of the market, building societies and specialized banks like Abbey National Bank PLC will continue to pose tough competition in the mortgage and savings markets.

As a result, banks will accelerate their move into insurance as a way of boosting business and profits. Among the big four, Lloyds is expected to be the strongest performer for 1990.

Its 60 percent-owned insurance subsidiary, Lloyds Abbey Life PLC, formed in 1988, announced Wednesday an unexpectedly large rise in pretax profit for 1990.

With analysts' forecasts ranging between £260 million and £304 million, the company's 1990 results came in at £318.9 million, up 8.3 percent from the previous year.

In part Lloyds' success is attributed to the decision to move into insurance before its main rivals. Another key was its decision to leave the U.S. market before the collapse in real estate and accumulation of bad corporate debt began to bite.

After a sustained period of growth, shareholders of British banks will have to become accustomed to lower dividend payouts.

Pointing out that the banks' capital position will be under some pressure in the next few years, Mr. Broughton predicted their dividend policies would have to be reined in.

Lloyds is expected to announce a dividend increase of between 13 percent and 15 percent — as opposed to 19 percent last year — while the other big banks will fall somewhere been no growth for Midland and 8 percent for Barclays.

"Until they can achieve a return of equity of about 15 percent, they will have to restrain their payout," Mr. Barrett said. Only Lloyds comes close to that figure, with an estimated 1990 return on equity of 13 percent.

GDP Drops for 2d Quarter, Confirming U.K. Recession

Compiled by Our Staff From Dispatches

LONDON — Britain's economy shrank for the second quarter in a row in the last three months of 1990, the government said Wednesday, confirming that the country is in a recession.

Gross domestic product, the total value of the nation's goods and services excluding income from foreign investments, declined 0.9 percent in the fourth quarter of 1990 from the third quarter, the Central Statistics Office said. The drop, because it was the second consecutive quarterly decline, fits the government's definition of a recession.

Analysts had expected a decline of 0.8 percent in the fourth quarter from the third.

Fourth-quarter GDP was down 1.1 percent from a year earlier, the first year-to-year decline in a quarter since the 1981 second quarter.

The statistics office said a rise of 2.7 percent in the energy-sector output helped limit the GDP decline, which would have been 1 percent without that rise.

The recession is largely attributed to relatively high interest rates, imposed for more than a year by the government in an effort to drive down an inflation rate that is above the European Community average.

Expectations that interest rates would be cut rose after the government released the data, but the Bank of England acted to quell those expectations when it offered borrowing facilities to the money market around midday at 13.5 percent, the existing rate level.

(Reuters, AP, AFP)

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Amsterdam, February 18, 1991.

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Leveraged Capital Holdings N.V.

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NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

Shouldn't you be reading commentary like this — regularly?

A Chance to Make Intelligence More Intelligent

By William Pfaff

PARIS — If the Select Committee on Intelligence has its way, the U.S. Senate will in the spring vote the most important reform of the American intelligence establishment since the Central Intelligence Agency was set up in 1947.

Under proposals to be introduced by the majority and minority leaders of the committee, David L. Boren and Frank H. Murkowski, a new top intelligence executive would be named, serving outside and above the existing agencies and setting goals for them. He or she would be expected to coordinate and supervise the intelligence appointments made by the CIA, the Defense Intelligence Agency, the National Security Agency and the National Reconnaissance Office (which runs satellites), without being beholden to any one of them.

In the House of Representatives, the leaders of the Permanent Select Comittee on Intelligence say that similar legislation will be introduced by them, although the White House declares itself opposed to change.

The mean criticism of the present system is that the Soviet-American confrontation, in neither case is independent thought welcome — unless it is the independent thought of the man on top. But that, too, makes trouble, by uniting the ranks below to resist and cast the leader out.

It also is dangerous in intelligence matters, since the top man's thought can be imposed as the institution's official opinion, untempered by criticism. Consider the case of William Casey, President Ronald Reagan's CIA chief, who was certainly an independent thinker — and an aggressive one, with patronized political views, interested in setting up, on the Reagan administration's behalf, an autonomously financed clandestine agency outside the U.S. government's control.

Within bureaucracies, independent thought succeeds mainly when it is made the vehicle of the struggle of one organizational faction against another, or when it provides the rationale for a bureaucratic power center to do what it wanted to do anyway but for which it had not found politically acceptable

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Gorbachev and Saddam: The Game Is Survival

By A.M. Rosenthal

NEW YORK — There's no use getting mad at Mikhail Gorbachev and his partner, Saddam Hussein. Both are doing what comes naturally to two nervous dictators trying to get out of terminal trouble.

The Moscow-Baghdad axis, obviously and openly, is at work on a plan that would restore to the Soviet Union and

ON MY MIND

Iraq the power that both have lost in the Middle East. It would also meet another objective of interest to both men — survival.

Gorbachev needs some success to take Soviet minds off his stumbling leadership. It won't work for long, but at least in the Kremlin losers are shuffled off to a villa somewhere.

The Iraqi leader has an even more vivid interest involved. In the Middle East, a dacha is not prepared for a suddenly unemployed ruler — just a grave.

The Moscow-Baghdad alliance was never dissolved. In the eternal struggle against the Kremlin and the Third World, it helps to keep that in mind.

The Soviet

was coming. He is neither martyr, mystic nor moron. In meetings with Soviet diplomats, the Iraqis prepared their line of retreat and survival.

Saddam Hussein would withdraw from Kuwait — with the U.S. accepting some formula on the importance of setting other Mideast issues.

Washington would never use the word linkage, but Saddam Hussein would be strengthened because the world would know a deal when it smelled one.

He would take his tanks and missiles with him. They would join the divisions he left in Iraq. Tehran would deliver the air armada he thoughtfully parked in Iran. He would emerge battered, but still dangerous.

Moscow would be wanting to patch up with arms and advisers, despite any international agreements. The Soviet Union's double-crossing on treaties is spelled out devastatingly in Arnold Beichman's new book "The Long Pretense" (Transaction Publishers).

With contempt, let's dispose of the argument already being heard that American opposed to a settlement that would strengthen the Moscow-Baghdad

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NASDAQ

Wednesday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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AMEX

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Last	Chg
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

مكفوظ من الأصل

Japanese Protest Manila Import Levy

Reuters

MANILA — Japanese companies have protested to the Philippines about a new 9 percent levy on imports, saying it could drive away foreign investors and undermine export competitiveness.

In a letter made public on Wednesday, Shinji Suzuki, president of the Japanese Chamber of Commerce in Manila, told the trade and industry secretary, Peter Garrucho, that the levy was "a great disincentive to any party considering foreign investments in the Philippines."

He made the protest ahead of a meeting of major Western aid donors and Japan, expected next week, to pledge around $2.5 billion in assistance to the Philippines.

Mr. Suzuki said overseas investors might be persuaded to transfer their projects to other countries in the Association of South East Asian Nations.

The Philippines imposed a 9 percent levy on imports last month as part of measures agreed upon with the International Monetary Fund to raise revenues and curb the government's budget deficit.

Finance Secretary Jesus Estanislao has said the levy will not be in force beyond June 1992. He has said he will cut it by one percentage point for every additional 2.6 billion pesos ($94 million) in new taxes approved by Congress.

Meanwhile, officials said local and foreign companies engaged in energy-resource exploration and development in the Philippines have been exempted from the import levy.

Mr. Estanislao issued a memorandum last week stating that all machinery, equipment and spare parts required for use in oil, coal and geothermal exploration are exempt from the import tax, the officials said.

The exemption was in line with the government's policy to promote and hasten the discovery and development of the country's indigenous energy resources, officials said.

Prior to the memorandum dated Feb. 12, energy service contractors paid the tax under protest, the officials said.

The 9.0 percent levy is expected to generate 20 billion pesos a year, which the government badly needs to reduce its deficit as part of the agreement with the IMF.

Private companies have opposed the tax and economists have warned it would raise prices of commodities and fuel inflation.

Korean Banks To Back Hanbo

Reuters

SEOUL — South Korean banks said they would continue backing loans to Hanbo Housing Development Co., whose chairman was charged last week in a bribery scandal, in a bid to stop it from going under, bank officials said Wednesday.

The agreement was reached in a closed meeting held earlier this week by heads of Hanbo's creditor banks. "Hanbo's promissory notes, such as corporate bonds and loans made to short-term finance companies, are mostly guaranteed by the banks, and we are committed to a continual cash flow to Hanbo," said a senior official at Cho Hung Bank, the main creditor.

Japanese Pull Out of U.S. Deal

New York Times Service

WASHINGTON — Fanuc Ltd. of Japan, one of the world's leading producers of machine tools and robots, has announced that it will not to buy a stake in a Connecticut machine-tool builder that helps make nuclear weapons.

After reports in January that the White House staff had approved the Japanese investment in Moore Special Tool Inc., many members of Congress argued that it could place decisions critical to U.S. national security in foreign hands. The Fanuc statement on Tuesday left little doubt that the lawmakers' reaction figured in the decision.

The statement said that some members of Congress had "seized upon this proposed investment as a vehicle for expressing their larger concerns" and added that it "would serve no useful purpose either to Moore or to Fanuc to continue to pursue the investment."

Fanuc had offered to pay $10 million for 40 percent of Moore. In addition to the use of its machine tools in producing atomic weapons, the company's products are widely used in making watches, cameras and other goods.

Moore, which employs 400 people at Bridgeport, Connecticut, has been in the red for two years.

The Wooing of Taiwan's Investors

By Sam Jameson

Los Angeles Times Service

TAIPEI — Businesses in Taiwan are finding themselves among the most courted potential foreign investors anywhere.

"Every other week, we see newspaper advertisements by foreign governments organizing investment-promotion seminars to explain the advantages of investing in their countries," said K.H. Wu, the deputy chairman of the China Trade Development Council.

Taiwan's central bank holds about $70 billion in foreign-exchange reserves. Other factors behind the investment push are Taiwan's rising currency, soaring land prices and rising wages, which are pushing businesses abroad to establish low-wage factories to try to regain international competitiveness.

But some Taiwan businesses are also looking at foreign investment as an offensive strategy: to expand business that is unthreatened at home.

Although statistics are unreliable, Taiwan investors appear to be pulling ahead of Americans in volume of new investment in Asia, said David L. Hendrix, Citibank's vice president and country corporate officer for Thailand.

Taiwan businesses not only have the capital but, along with those in Hong Kong, the advantage of cultural bonds with transplanted Chinese who control much of Southeast Asia's economy.

"Throughout Southeast Asia, Chinese or people of Chinese origin play a big role, and they have some political influence," Mr. Wu said. "That's why the investment climate is either not bad, or good, for Chinese businessmen.

"Chinese businessmen can easily find a joint venture partner with whom it is easy to cooperate."

There are no reliable statistics on incoming or outgoing investments, Mr. Champion said. Government regulations allow people in Taiwan to take up to $5 million out of the country without reporting it, and family networks spanning the globe provide other loopholes through which even large investments often go unreported.

Taiwan's Ministry of Economic Affairs put outbound investment for 1989 at $931 million, but even its own staff believes that figure is far too low. "We can't get any figures," said Wang Yuchang of the ministry's Industrial Development and Investment Center.

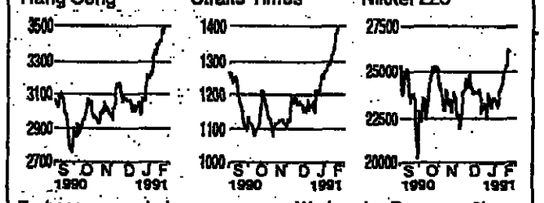
Mikio Hoshino, the deputy manager of the Taipei branch of Japan's Dai-Ichi Kangyo Bank, estimated the outflow at three to four times the official statistics. The American Chamber of Commerce in Taipei estimated it at 10 times.

Taiwan's balance-of-payments statistics showed an outflow of $8 billion in 1989 in long-term capital and a trend toward $15 billion in 1990.

Taiwan is grooming itself for an even bigger splash.

For example, Yuen Foong Yu Paper Manufacturing Co., with more than 10 years of investment experience in Indonesia and five years with another joint-venture project in Thailand, is preparing to invest heavily in a forestry, pulp and paper project in Canada, said Scott Lin, the executive manager for overseas investments.

Investor's Asia



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	3492.16	3467.84	+0.70
Singapore	Straits Times	1397.40	1379.30	+1.31
Sydney	All Ordinaries	1372.20	1398.70	-1.89
Tokyo	Nikkei 225	26198.79	26166.98	+0.12
Kuala Lumpur	Composite	562.26	555.34	+1.25
Bangkok	Book Club	721.21	728.23	-0.96
Seoul	Composite Stock	669.91	669.45	+0.07
Taipei	Weighted Price	4950.68	5048.48	-1.94
Manila	Composite	914.17	894.52	+2.20
Jakarta	Stock Index	N.A.	388.25	-
New Zealand	Barclays	1358.11	1385.56	-2.13
Bombay	National Index	572.17	572.17	Unch

Sources: Reuters, AFP International Herald Tribune

TDK Posts 12% Sales Gain

Compiled by Our Staff From Dispatches

TOKYO — TDK Corp., the world's leading audio-tape manufacturer, reported Wednesday a substantial increase in sales and profit for the third quarter ended Dec. 31, 1990, owing mainly to brisk demand for electronic materials and component.

The Tokyo-based company said sales climbed 12.4 percent over a year ago to $1.1 billion, producing pretax earnings of $135.9 million, up 15.3 percent.

Net income jumped 22.7 percent, to $4.4 million.

Meanwhile, the consumer-electronics giant Sony Corp. said its group operating profit fell 10.5 percent in the third quarter of a year earlier, to 94.88 billion yen ($728.2 million), but net profit jumped 19.6 percent to 50.08 billion yen.

A strong yen and intense domestic competition forced Sony to lower its group operating profit forecast for the current financial year. *(UPI, Reuters)*

Hong Kong Airport: Criticism May Hurt

Reuters

HONG KONG — The governor of Hong Kong, Sir David Wilson, said Wednesday that Chinese criticism of a port and airport project for the colony could add to its cost by souring the political climate.

Sir David said investor confidence in the proposed 127 billion Hong Kong dollar ($16.3 billion) project could be damaged by comments from Beijing.

The Chinese government has sharply criticized the project, saying it could drain Hong Kong's coffers before the British colony reverts to China in 1997.

The project will not be completed by that year, and potential private investors, whom the government is hoping will finance the bulk of the costs, will have to weigh the political risks.

Sir David said that Chinese criticism of the project was not "in the best interests of getting the airport built effectively and cheaply and for the betterment of Hong Kong."

Investors, he said, "will inevitably look at the overall political climate. If there is worry about political comment on the airport, investors will load their bids with a certain insurance margin, and the cost to Hong Kong will be that much greater."

A third round of talks with Beijing on the project was to start Thursday.

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GOTO JAPAN

An introduction to Japanese Business, Language and Culture

The export opportunities from Europe to Japan are immense. Yet to exploit them fully Europeans need to understand much more about Japanese business, language and culture.

To this end, the European Commission has developed and largely financed the Executive Training Programme. Now in its 12th year, this programme gives European managers the opportunity to study and work in Japan for 18 months.

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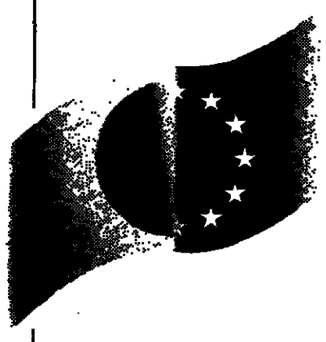

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Executive Training in Japan

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SPORTS

Pitino: Dr. Fix-It Still Doing Just Fine at Kentucky

By William C. Rhoden
New York Times Service

LEXINGTON, Kentucky — Rick Pitino settled into a visitor's chair in his office at Memorial Coliseum and listened intently to woeful tales from Madison Square Garden.

New York Knicks' fans were discontented, a reporter told him; the team's best player was unhappy, morale was at an all-time low.

As coach of the Knicks from 1987 to 1989, Pitino had effected a nearly miraculous transformation of a struggling team. He implemented a rock 'em, sock 'em, full-court style that by the end of his second season had catapulted the Knicks to a divisional championship in the National Basketball Association.

NYT

Pitino: 'I had to make a PR move.'

But his brief tenure had been marred by bitter, public feuding with Al Bianchi, the general manager. So in the spring of 1989, Pitino left the city of his birth and the *only pro job he'd ever wanted to* become the University of Kentucky's coach.

In his bright, spacious office with a picture window overlooking the gymnasium, Pitino was saying that his New York experience had been buried beneath an avalanche of *success in Lexington.*

Pitino, 37, co-owns a restaurant, has a radio show, a television show, *three major endorsements plus* camps and clinics that bring his annual income to an estimated $800,000.

Most important of all, the basketball team is exceeding everyone's wildest expectations. In less than two full seasons, Pitino has brought about the sort of rapid, quick-fix turnaround that made him a hero at Boston University, *Providence and with the Knicks.*

He took over a program that had been humbled by the second-worst scandal in Kentucky's 70 years of basketball competition.

The NCAA found violations that included payments to at least one player, academic fraud and a program that institutionalized violations of the letter and spirit of NCAA regulations.

The program was placed on three years' probation and given sanctions that called for no live television for one year and no postseason competition for two. Pitino inherited only *seven* scholarship players, none of them taller than 6 feet, 7 inches (2.00 meters). Yet his team finished with a surprising 14-14 record.

This season the Wildcats are 19-5, tied for in first place in the Southeastern Conference with an 11-3 league record and ranked 12th in the nation. They have won by playing Pitino's feisty, full-court defense and pummeling opponents with 3-point shooting.

Pitino has always used a combatively intense — some say arrogant — style of coaching that inspires his players and often infuriates opposing coaches. He has had verbal skirmishes with several coaches, including Bobby Knight of Indiana, Denny Crum of Louisville, Richard Williams of Mississippi State and Roy Williams of Kansas. Last season, Pitino and Dale Brown, the LSU coach, nearly came to blows at *half-court* during a game.

"Every day, every game he's intense," said Reggie Hanson, a senior guard. "He's just a hard guy, a hard worker and he stays after us just to keep us going. But that's what we really needed, a guy like him to bring a lot of enthusiasm back to the game."

Pitino has been here before. He has charged in like the cavalry, rescued a failing program, then left after the first hint of success. In many ways he has been like a talented young prizefighter who has done everything except two key things: He has never gone the distance and he has never won a championship.

Pitino said that at this juncture of his career he wanted to disprove the charges of those who say that neither he nor his style of play can hold up over the long haul. He would like to prove *that he is more* than a quick-fix artist.

"I'm looking forward to maintaining," he said. "I spent five years at Boston U., and in my fifth year we went to the NCAA tournament for the first time ever.

"But when we got there I took the Knick assistant's job. Then I spent two years at Providence, we go from dead last place to the Final *Four in two years. It's just starting* to turn around and all the hard work is behind us and I leave. Then with the Knicks we go from 24 wins to 38 to 52 and I leave.

"The building process is difficult from an hours and perspiration standpoint. But once you get there it becomes difficult in a different sense. I want to try that. I've never tried it before and I'm looking forward to seeing what can happen."

What concerns opposing coaches more than Pitino's fiery dramatics is that Kentucky has recovered much sooner than expected from the NCAA sanctions.

Last year Pitino successfully recruited Jamal Mashburn, a 6-9, 244-pound (110-kilogram) freshman from New York. Mashburn leads the team in rebounding and, more important, gives Kentucky a powerful inside presence to compliment its perimeter shooting.

But Pitino said that Mashburn is not symbolic of a nationwide *change in perception of the* program by recruits.

"Mashburn didn't choose Kentucky because of Kentucky," Pitino said. "Mashburn chose Kentucky because he wanted to play for the Knicks' coach. There was an identity with New York. In order for Kentucky to get back to the level that it was, it's got to be Kentucky that sticks out."

To that end, during the summer Pitino hired Bernadette Locke to be one of his assistant coaches. Locke's hiring marked the first time that a woman had been selected to coach in a men's program at such a high level of Division I competition.

Pitino said he was impressed with Locke's coaching credentials: She spent five years as an assistant women's coach at Georgia, where she was also an all-America player.

He said that her primary function at Kentucky was career counseling, specifically, finding meaningful employment for players once they graduate. While counseling may be her main job, Locke is on *the bench taking an active part in* the game coaching.

"I wanted to change the image of Kentucky as quickly as I could to get this thing turned around quicker than people expected, so I had to make a PR move to get people to understand how serious we were about education," Pitino said.

"I had an idea about career placement, getting athletes jobs when they graduate. We needed publicity about that position. So do I hire a typical coach who has career placement way down on his list of priorities, or do I hire a female who is going to make everybody's newspaper and TV program? We had to do something that would show people we are serious about education."

But as he nears the end of his 11th season as a head coach, riding yet another wave of success, Pitino watchers wonder whether he will *actually stay put.*

"I told Mash that I will see him graduate. I will stay my contract, unless they fire me. Who knows what will happen after five more years, but I'm finishing my contract here at Kentucky and nothing will make me leave."

M. Gourey/The Associated Press

Georgia Tech's Jon Barry and Cornel Parker played a little handball, but it was Virginia that got slapped with a 73-60 loss.

Virginia Falls To Surging Georgia Tech

The Associated Press

Bobby Cremins, Georgia Tech's coach, and Jeff Jones, his counterpart at Virginia, are perplexed by their respective basketball teams for different reasons.

A week ago, Georgia Tech completed a stretch of losses to North Carolina State, Wake Forest and Maryland, falling to 13-9.

With games against Arizona and Virginia, two ranked teams, coming up, the Yellow Jackets' National Collegiate Athletic Association tournament hopes were dimming.

Then, after Georgia Tech knocked off No. 5 Arizona on Sunday, on Tuesday night Kenny Anderson scored 33 points to power the Yellow Jackets to a 73-60 victory over No. 20 *Virginia* in Charlottesville, Virginia.

"We were a hurting team, and now we've fought back," Cremins said. "This team is amazing. This team actually has fought back."

Jones wishes he could say the same of his team.

In the last six games, Virginia has beaten only Clemson, the worst team in the Atlantic Coast Conference, and lowly Fairfield, which this season set a school record for consecutive losses.

Matt Geiger added *16 points and* Jon Barry 11 for the Yellow Jackets (15-9 overall, 6-6 ACC). Anderson also contributed seven rebounds, four steals and three assists.

Kenny Turner led the Cavaliers (19-8, 6-6) with 22 points and Bryant Stith had 21.

Anderson scored 12 points in a 17-6 run that put Georgia Tech ahead, 54-40, with 9:03 to play.

Virginia closed to 56-53 with 4:20 left, thanks in part to a technical foul against Georgia Tech's Malcolm Mackey for shoving Turner. It led to four Virginia points.

No. 16 Oklahoma St. 76, Kansas St. 65: In Manhattan, Kansas, Byron Houston, saved from an ejection for fighting by an official's use of a television replay, scored 22 points as Oklahoma State (19-5 *overall, 8-3 Big Eight) closed to a* half-game of Kansas in the Big Eight title chase.

No. 24 Seton Hall 76, Niagara 61: Terry Dehere scored 19 of his 22 points in the second half as the Pirates (17-7) beat Niagara (7-19) in South Orange, New Jersey.

At Utah, a Trimmer Majerus and His Team Are Fit to Win

New York Times Service

It can be fairly said that Rick Majerus has never met a pizza he didn't like. That can be a problem, however, as Majerus found out last year when doctors told him he had blocked heart arteries.

So, after only six games in his first year as coach at the University of Utah, Majerus, 42, underwent heart-bypass surgery and missed the rest of the season.

A trimmer Majerus is back this season, and his Utes (24-2), ranked 10th in the latest Associated Press poll, are among the country's most surprising teams.

With a 78-68 victory at the University of Texas-El Paso on Jan. 31, Utah won its 17th consecutive game to break the school record and tie the Western Athletic Conference mark.

The victory, the Utes' first in El Paso in 10 years, was the last in the winning streak as Utah then fell to New Mexico, 68-62, in Albuquerque two days later.

After that loss, the Utes bounced back with four consecutive victories, the last one, over Brigham Young, giving them their first outright regular-season WAC title in 14 years.

Success is nothing new to Majerus, who was an assistant at Marquette when the Warriors won the National Collegiate Athletic Association championship in 1977 and who later coached Marquette to the *National Invitation Tournament and Ball* State into the NCAA tournament.

But nobody foresaw the potential of his team this season, not even Majerus, who is thankful just to be coaching again.

"They used to say my courtesy car on the road would be a pizza delivery truck," said Majerus, whose two loves are basketball and food. "*Some guys drink or smoke. I eat.*"

Especially during basketball season, at least until last year.

Majerus has stopped the late-night snacking and is down from 288 pounds (130 kilograms) to 248 pounds. Eventually, he said, he would like to get to 225.

"This is the first season in my life I haven't gained any weight," he said. "I'm not proud of much, but I am proud I haven't gained any weight."

Majerus has a lot to be proud of, especially his team. Utah is rich in basketball tradition — Tom Chambers, Danny Vranes, Luther (Ticky) Burden and Mike Newlin were all standouts — but not since the Utes went 25-5 and to the NCAA tournament in 1981 have they been so successful.

What makes this team so noteworthy is that no player could be called the star.

"*First of all, we're not that good,*" Majerus said, characteristically playing down his team's ability. "We play 10 guys every *game, and we play our butts off.* We defend pretty well and we don't beat ourselves."

The team is led by Josh Grant, a lanky junior forward at 6 feet, 9 inches (2.05 meters) and only slightly over 200 pounds. Majerus calls Grant, who with 17.8 points a game is the only Ute averaging in double figures, "our one good all-around player."

Complementing Grant underneath is the team's only senior, Walter Watts, a *center who is listed at 6-8 and 265 pounds.*

"The first guy I saw when I came here was this 312-pound kid wearing a striped yellow shirt," Majerus recalled with a laugh. "When he came at me, I thought I was approaching Saturn. He said to me, 'Hi coach! I'm your center.'"

That kid was Watts, who was given an ultimatum by Majerus before the season. Before each game, Watts must be weighed. If the scale reads over 260, Watts sits. He has not missed a game this season and is the second-leading scorer and rebounder on the team.

Like Grant and Watts, the rest of the Utes are overachievers, doing whatever they can to fulfill their roles. But no one dreamed that the success Utah is experi*encing would come so quickly.*

"In a way, I'm not surprised because I've always known he's a good coach," said Don Nelson, coach of the Golden State Warriors of the National Basketball Association and an old friend. "I think everybody is surprised, however, that he's done so well with this talent."

"I must say I'm surprised at how quickly it came, even for Rick," said Del Harris, another friend and the coach of the NBA's Milwaukee Bucks.

Majerus was an assistant with Harris in 1986-87 when Nelson was coaching Bucks.

"I know he felt they would be good next year, but he didn't feel this kind of success would come this quickly," Harris said.

One reason the Utes may be playing so well is that Majerus is a players' coach who knows how it feels to be on the other side of the clipboard.

"I was a walk-on at Marquette," Majerus said. "I'll never forget the day I was cut. Al McGuire called me over — I thought I had done something good — and he told me, I went out to the back steps and started crying. I knew it would be the last team I would ever be on."

Majerus: 'Some guys drink or smoke. I eat.'

AP

Majerus would later start his coaching career as an assistant to McGuire.

"He always liked me," Majerus said of *McGuire.* "I just was no good."

It does not seem that that much bothers Majerus anymore, what with him back on the bench and his team doing better than anyone had dared dream. And the weight?

"I'll tell you one thing," Majerus said. "I don't look like Saturn coming at you either when I wear a yellow-striped shirt."

BOOKS

FACING THE PHOENIX

By Zalin Grant. Illustrated. 395 pages. $22.50. W. W. Norton & Co., 500 Fifth Avenue, New York, N. Y. 10110.

Reviewed by Terrence Maitland

THE library of significant works about the war in Vietnam grows more slowly now — evidence that publishers and readers may have wearied of that divisive conflict. Yet an event that brought about the foreshortening of the American century, as did the Vietnam War, deserves no end of study — for its inherent interest as well as for what it reveals about U. S. policy.

One policy in Vietnam shoved into the background by the American military buildup was pacification — the inelegant French cognate for attracting the allegiance of the populace to the South Vietnamese government and away from the Communist Viet Cong. Pacification didn't play to the cameras, but it may have carried more potential for winning the war than a military confrontation did.

Neil Sheehan's landmark 1988 biography of John Paul Vann, "A Bright Shining Lie," showed that Vann, the American military adviser to the South Vietnamese, recognized the political nature of the war and believed strongly in pacification. As to the Viet Cong guerrillas, he advocated pursuing them with knives and carbines instead of with gunships and air strikes. Vann, with his traditional military background, did not originate these concepts. They derived from another maverick bureaucrat, Tran Ngoc Chau, the central figure in Zalin Grant's "Facing the Phoenix."

The phoenix of the title refers to Chau and his remarkable survival as soldier, official, betrayed prisoner of the South Vietnamese Government, re-education camp inmate after the victory of the North Vietnamese, boat person and immigrant to the United States, as well as to his role as unfortunate godfather of the CIA's dreaded but highly successful, Phoenix program.

A former comrade-in-arms of the Communists, Chau understood that the enemy's strength consisted of regular troops, guerrillas and politically organized base. "To Chau," Grant writes, "the key to winning the war lay in defeating the communists' political organization . . . Chau did not want to kill the Viet Cong guerrillas. He wanted to win them over to the government side."

To achieve this, he created so-called census-grievance teams to interview villagers, who made up the Viet Cong's political base, and learn their complaints; using his authority, he heeded the complaints and instituted change. Second, he would offer an unconditional amnesty to all Viet Cong guerrillas. If these first two approaches failed to win over the enemy, Chau had ready a third: three-man counter-terror teams to track down and capture or kill recalcitrant Viet Cong officials.

The CIA gradually adapted Chau's *counter-terror teams into the controver*sial campaign known as Operation Phoenix. The counter-terrorism that had been a last resort for Chau, however, metamorphosed into the program itself. Phoenix officials identified suspected Viet Cong operatives, and then dispatched patrols after them. The process of identification, of course, carried great potential for abuse, since any informer with a grudge might settle an outstanding debt *by reporting his enemy to the CIA Phoe*nix. Defenders minimize the number of actual abuses, however.

More than the heroic tale of Tran Ngoc Chau, "Facing the Phoenix" presents a history of pacification far less dry or academic than that may sound. Zalin Grant, who is a former Time magazine and New Republic correspondent fluent in Vietnamese, and the editor of "Survivors," a 1975 oral history of prisoners of war in South Vietnam, mines extensive postwar interviews he conducted with a host of soldiers and CIA men, rogues and role players, victims and visionaries.

"Facing the Phoenix" is a prodigious work of interviewing and research that earns a place on the shelf of important books about America's misadventure in Vietnam.

Terrence Maitland, co-author of several volumes in the Time-Life series "The Vietnam Experience," wrote this for The New York Times.

BRIDGE

By Alan Truscott

SUPPOSE you were to sit down to kibitz at the Pro-Am Tournament, in which experts are paired randomly with newcomers, and see the diagramed deal. North-South bid competently to six spades, which seems easy. But South must play carefully to avoid the loss of two heart tricks.

He, or she, wins the club ace, draws trumps, leads to the diamond ace and ruffs a diamond. The club king is used as an entry to the dummy to ruff the last diamond, and the heart ace is cashed. The position is now:

NORTH
♠54
♡843
♢—
♣—

WEST
♠—
♡Q108
♢9
♣J

EAST
♠—
♡—
♢J
♣7654

SOUTH
♠QJ
♡KJ9
♢—
♣—

South leads the heart nine, or the jack, and is assured of success. If all the missing hearts are with West, as they are, that player is endplayed. If East has them, he must allow a marked finesse or give a ruff and sluff. If they are not in one hand, the queen is sure to fall.

If South goes down in this contract, it is likely, but not certain, that he is an Am. But if he plays this way you can be sure he is a Pro.

NORTH
♠5432
♡8432
♢AQ2
♣K8

WEST
♠7
♡QJ987
♢98765
♣QJ10

EAST
♠86
♡5
♢KJ104
♣7654

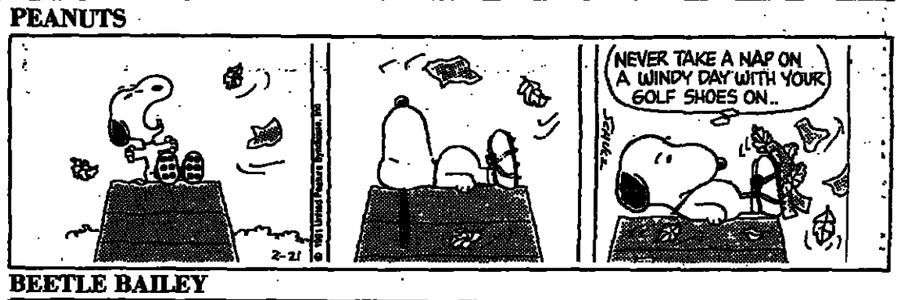
SOUTH (D)
♠AKQJ109
♡AK10
♢3
♣A9

Neither side is vulnerable. The bidding:

South	West	North	East
2♠	Pass	2♢	Pass
2♠	Pass	3♠	Pass
4♣	Pass	4♢	Pass
4♡	Pass	5♣	Pass
6♠	Pass	Pass	Pass

West leads the club queen.

PEANUTS



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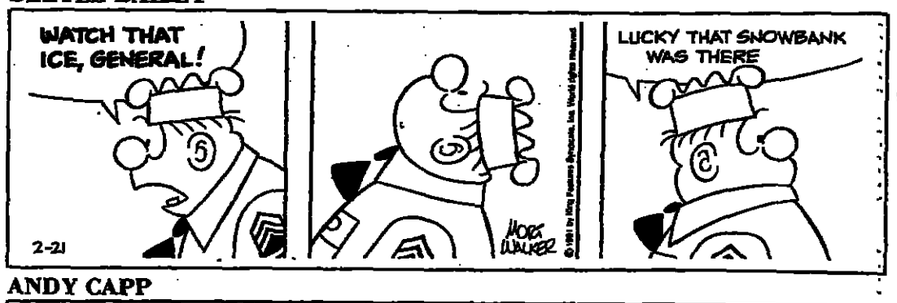

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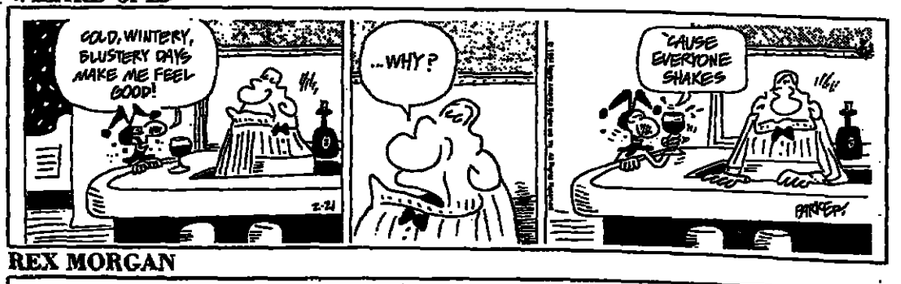
WIZARD of ID



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JUMBLE. THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CYKAT

EECIP

SAKMAD

GAROUC

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: AN "" "" HIM

(Answers tomorrow)

Yesterday's Jumbles: CURIO DOUBT TEAPOT ADJUST
Answer: What the pistol gave the runner—A "START"

BLONDIE

GARFIELD

هكذا من الاصل

SPORTS

New Baseball Salaries: Fine Art of Inflation

By Tony Kornheiser
Washington Post Service

WASHINGTON — Every day, after I take my children to school, I grab my baseball glove and a hard rubber ball, and go out in the alley behind my house, and start throwing curves and sliders against the garage door. My plan is to get ready by April 1, then offer my services to major league baseball. I figure if I can put together a couple of 4-9 seasons then, two years from now, when I'm Nolan Ryan's age, I can earn $2.2 million dollars.

Can you believe the size of these baseball contracts?

Can you imagine the kind of bets Pete Rose would be able to make if he were still playing?

Of course Jim Palmer is trying to make a comeback. Underpants ads are fine, but the Yankees are paying Tim Leary $2 million for going 9-19. (You can't tell me whoever offered that contract wasn't on LSD.) The teeth-gnashing about George Steinbrenner wanting to get back into day-to-day baseball misses the point. He doesn't want to run the Yankees, he wants to play for them.

Vantage Point

Take Roger Clemens's contract. Clemens, last seen modeling straitjackets for an upcoming issue of Psychiatric Monthly, now gets paid more than $5.3 million a year by the Boston Red Sox. I appreciate that such numbers are hard for the average working stiff to comprehend; as Everett Dirksen once said about government spending, "Five million here, five million there, and pretty soon you're talking about real money." So to bring it down to an understandable level, assuming Clemens gets his average number of starts this season, 34, that means he'll earn slightly more than $158,000 each time he goes to the mound. If he lasts nine innings, it works out to about $1,000 per pitch.

Twenty years ago the grandiose salary to shoot at was $100,000. Batboys make that now. Sure, there's been inflation. In 1971, a nice pair of shoes cost $25. Now they're $100. But baseball's top salary has gone up 50 times what it was. How can a father in good conscience tell his kid to put down that bat and ball and come in and do his French homework? Are translators at the United Nations signing multiyear, million-dollar deals?

As I write this, and be advised that the toteboard is changing every hour, there are 39 baseball players making more than $3 million a year. (While you're eating Tuna Helper, right?) Not that $3 million is such a big deal. Bobby Bonilla shook his head at $9.1 million for three years like it smelled bad. But it's not the superstars' salaries that are the true outrages. Someone named Jim Gott, who purportedly pitches for the Los Angeles Dodgers, is getting $1.75 million. A Mr. Ken Caminiti of Houston got a $425,000 raise for hitting .242 with four home runs.

Not that long ago you'd walk into a general manager after hitting .242 with four homers and you'd take a huge pay cut — and be happy you weren't shot. Nobody gets cut anymore.Lloyd McClendon just got a $50,000 raise for batting .164 last year. He should have held out for triple that. Jeff Ballard went 2-11, and got a $170,000 raise. Imagine what he could've gotten if he'd won three games.

Day after day higher baseball salaries come whizzing by. Glenn Davis, who hasn't seen one pitch in the American League, just signed a one-year deal with the Baltimore Orioles for $3.275 million, which is essentially just a good-faith gesture, a door prize, since the Orioles will now first begin trying to sign Davis to a multiyear pact. Some of the cash-poorer clubs cannot hope to keep up with the cost of labor. Any day now I expect the Seattle Mariners to announce that, as an austerity move, they are scaling back to a two-man outfield.

What can we conclude from these astronomical salaries?

1) This recession can't be that bad.

2) Owners are stupid. (Minnesota handed a potential windfall of $11 million over the next three years to Jack Morris, who'll be 36 in May, and is 21-32 his last two seasons. What's this, thanks for the memories?)

3) Boy, was Willie Mays born way too early.

You have to understand that once you hit the big money — after three or four seasons batting .245 — you'll continue to make the big money for years and years. Every year, whether you need it or not, another $2 million falls out of the sky and lands on your lawn.

You like expensive cars? You want five Rolls-Royces? That still leaves you with $1 million. Even if you buy five new Rolls-Royces every year, the trade-in on the old ones is $750,000. What's expensive enough for these zillionaires? A Van Gogh? ("Hey man, I want the one with the two ears.") Is this where the next generation of fine art collectors is coming from, the Milwaukee Brewers?

Spring Fever: Mets Check Out an Atypical Case From the NFL

By Joe Sexton
New York Times Service

PORT ST. LUCIE, Florida — D. J. Dozier's height was taken, his weight recorded. His blood pressure came next along with an electrocardiogram and then an inspection of his legs and arms.

The physical confirmed the obvious. In Dozier, the New York Mets possess an extraordinary athlete. As to whether they also own a baseball player, the results to date have been promising but inconclusive. Their further collection of relevant data began Tuesday even before the routine physical.

Dozier, an all-America running back at Penn State who has played parts of four seasons with the Minnesota Vikings in the National Football League, took part in the initial drills of the Mets' minicamp for its most advanced prospects. The instruction centered on offense, so Dozier took to it with an eager facility.

"It's a tough game," he insisted afterward. "And my performance in it is not as natural as it could be."

In his one sustained audition, though, there were more than enough encouraging flashes. Dozier, who had abandoned organized baseball for six years during his uneven pursuit of football glory, hit .297 last year for the St. Lucie Mets at the Class A level and was named to the all-star team of the Florida State League.

As a left fielder, a position he had never before played, he committed an error in the opening game of the season and not another one after that.

Subsequently promoted to the organization's Class AA team in Jackson, Mississippi, Dozier hit .324, driving in 23 runs in 29 games and collecting seven triples in the single month of action. He was consequently extended a relatively rare invitation to the major league camp this spring as a nonroster guest.

"I think he surprised everyone, maybe even himself, with how quickly he got back in the groove," said Gerry Hunsicker, the Mets' director of player development. "I'd have expected he'd have at least one prolonged slump, a genuine struggle of one kind or another. He never did."

The difficult deliberations of his heart and mind as a result are in the offing. Dozier, displeased with his secondary status and infrequent employment by the Vikings but mindful of the handsome income the sport has provided him, has labeled the next several months as the pivotal point in his life.

"It's obvious I am arriving at a point where something has to be done," he said. "I am technically a football free agent, and so I could sign with or be traded to a team other than the Vikings. And I have a love for football that's as great as the one I have for baseball. I am not satisfied with what I've accomplished in football."

"But it's essential that I make any decisions carefully," added Dozier, who has not yet signed a contract with the Mets for the coming season. "Right now, I am enjoying the ability to play both sports. But I didn't get in this organization to fizzle out in the minors."

The Mets, who plan to assign Dozier to Class AA to start the season, are genuine in their belief that he is an authentic prospect for the majors. The organization expects him to be elevated to its Class AAA affiliate in Tidewater before the summer is over.

"There are a lot of guys who made the all-star team in the Florida State League who never got out of the minors," said Hunsicker. "D. J. has an arm that is less than average; he's 25 years old, and he's clearly got catching up to do elsewhere. But he hit 13 home runs with St. Lucie and, against that competition, that is an indication of potential for home runs in the major leagues.

"The financial sacrifice is a big one, and that is the issue for him right now. He's a very talented athlete, and we'll move him along as fast as his talent dictates. He can do it fairly quickly if he puts his mind to it."

It was because Dozier could not get his mind off baseball that he contacted the Mets in 1989. He had spent too many springs roaming his house, telling his wife that he could do what the baseball players on the living room television were doing. His wife, Sheila, at last told him to stop talking, stop pacing and do it.

"I just felt an itch," said Dozier. "I started scratching it. It was something I had to do."

The evaluation of just how well he can do it now and in the future continues.

EC Strips Eurosport Of Exclusive Rights

Reuters

BRUSSELS — The European Commission dealt a blow Wednesday to media magnate Rupert Murdoch's television empire by taking away his Eurosport satellite channel's exclusive rights to broadcast major sports events.

The European Community's executive body said an arrangement securing an exclusive supply of sports footage to Eurosport from a string of public television companies in Europe broke EC laws on free competition.

"The effect of these agreements was to limit and distort free competition," a statement said. "This decision will ensure a level playing field between broadcasters of sports events in the European transnational satellite television sector."

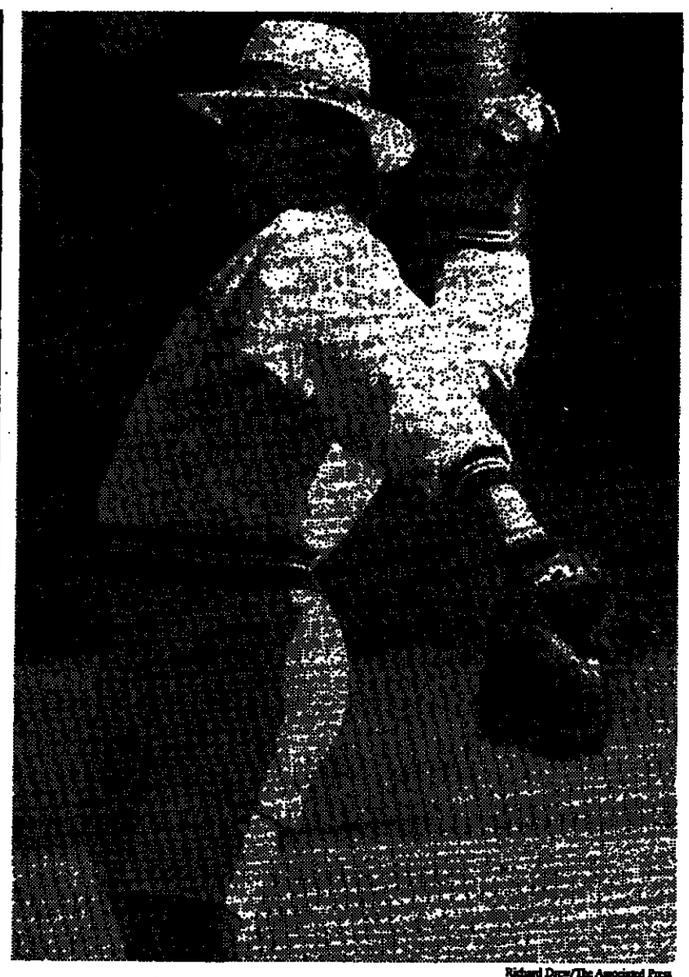
The move followed complaints by a rival sports channel, Screensport, a majority of which is owned by British retailer W.H. Smith, that it was being shut out of the market.

"The confirmation by the European Commission of its earlier assessment of our complaint is a total endorsement of our position and of the principle of free competition in the television market," said Francis Baron, head of Screensport's European sports network.

Sports footage was being supplied to Eurosport by almost half of the stations in the European Broadcasting Union (EBU), a grouping of Europe's public service channels.

Eurosport is 50 percent owned by Murdoch's News International, through British Sky Broadcasting, and 50 percent by the EBU.

EC antitrust officials are also examining the EBU, whose 39 member stations include the British Broadcasting Corporation and France's Antenne 2, to see whether that alliance is anticompetitive. The commission said it was ready to approve the alliance late last year, after the stations guaranteed they would give private channels access to their programs. But several satellite channels attacked its plans, and the commission has since been silent on the issue.



Richard Drew/The Associated Press

Kevin Elster, trying to regain his job as the New York Mets' shortstop after September shoulder surgery, was well dressed for a spring fling in St. Lucie, Florida.

Palmer, 45, and Orioles Down to Contract Talks On Return to Pitching

The Associated Press

BALTIMORE — Jim Palmer's seemingly improbable bid to return to major league baseball at the age of 45 is closer to becoming reality.

The only thing separating the Hall of Fame pitcher from joining the Baltimore Orioles in spring training is a settlement on a contract. Negotiations are under way between Palmer's agent, Ron Shapiro, and the Orioles' general manager, Roland Hemmond.

"The Orioles have let us know they're interested in inviting Jim," Shapiro said. "At this point we're talking about the terms of the invitation."

Emphasizing that talks were in the "preliminary" stage, he said the negotiations concern Palmer's salary, should he make the team.

Palmer would be invited to join the team as a nonroster player. The Orioles' pitchers and catchers were to arrive in Sarasota, Florida, on Thursday, and Shapiro expressed hope that an agreement could be reached by then.

Palmer, who was traveling from Miami to Baltimore, was not available for comment.

Palmer played 19 years for Baltimore, winning 268 games. He won three Cy Young awards — in 1973, 1975 and 1976 — and eight times was a 20-game winner. He twice led the American League in earned-run average and winning percentage, threw two no-hitters and was named to the All-Star Game six times. He was was inducted into the Hall of Fame last summer after being named on 41 of 44 ballots.

The Orioles released Palmer early in the 1984 season. A few months ago, he began working himself back into shape. Last week the Orioles sent their pitching coach, Dick Bosman, to Miami to watch Palmer throw batting practice.

■ Gantner and Snyder Lose

In arbitration cases decided Tuesday, Jim Gantner lost to the Milwaukee Brewers and Cory Snyder lost to the White Sox, The New York Times reported.

Gantner, coming off a two-year, $1.55 million contract, will play for $1 million this season instead of the $2 million he wanted.

Snyder, traded to Chicago by Cleveland last December, emerged with an $800,000 salary, a slight raise of $100,000, instead of $1.02 million.

Clubs have won eight arbitration cases, and players have won five.

Tom Candiotti of Cleveland, who had sought $3.05 million, settled for $2.5 million, the highest salary in the Indians' history. He had a 15-11 record last season, during which he earned $1,062,500.

Danny Tartabull of Kansas City accepted a $2.25 million salary, and Mark Knudson of Milwaukee, who had a 10-9 record last season, agreed to $485,000, nearly tripling his 1990 salary of $170,000.

If he pitches 160 innings or makes 25 starts this year, Knudson would receive a $50,000 bonus, and the resulting $535,000 total would be $10,000 more than he had sought in arbitration.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

	W	L	Pct	GB
Atlantic Division				
Boston	39	13	.750	—
Philadelphia	27	24	.529	11½
New York	22	30	.423	17
Washington	22	31	.415	17½
New Jersey	17	35	.327	22
Miami	15	36	.294	23½
Central Division				
Chicago	37	14	.725	—
Detroit	34	17	.679	2
Milwaukee	33	20	.623	5
Atlanta	28	23	.549	9
Indiana	22	28	.440	14½
Cleveland	18	34	.346	19½
Charlotte	15	36	.294	22

WESTERN CONFERENCE

	W	L	Pct	GB
Midwest Division				
San Antonio	33	16	.673	—
Utah	34	17	.667	—
Houston	29	23	.558	5½
Dallas	20	30	.400	12½
Minnesota	17	33	.340	16½
Orlando	15	35	.300	18½
Denver	14	36	.280	19½
Pacific Division				
Portland	42	10	.808	—
L.A. Lakers	38	13	.745	3½
Phoenix	33	17	.660	8
Golden State	28	22	.560	13
Seattle	23	27	.460	18
L.A. Clippers	16	34	.320	25
Sacramento	15	34	.306	25½

TUESDAY'S RESULTS

Indiana	26	33	36	30—125
Charlotte	34	28	28	28—102

Person 13-23 3-4 30, Miller 9-17 10-10 29; Gminski 8-11 3-4 19, Gill 7-17 2-2 16, Newman 7-13 2-2 16. Rebounds: Indiana 46 (Person 7), Charlotte 51 (Reid 10). Assists: Indiana 36 (Miller 8), Charlotte 27 (Gill 11).

Sacramento	19	14	22	28—83
New Jersey	23	22	21	31—97

Jeffries 8-16 4-8 20, Causwell 7-10 1-1 15, Mays 6-15 3-4 15; Coleman 12-22 3-7 27, Morris 7-17 11-12 25. Rebounds: Sacramento 52 (Causwell 11), New Jersey 58 (Morris 18). Assists: Sacramento 16 (Lee 6), New Jersey 15 (Blaylock 5).

Atlanta	26	31	36	23—116
New York	33	18	28	23—102

D. Wilkins 13-23 5-7 32, Battie 11-16 1-1 23; Ewing 16-30 5-7 37, Oakley 6-11 1-1 13, G. Wilkins 6-13 1-2 13. Rebounds: Atlanta 48 (Malone 13), New York 53 (Oakley 17). Assists: Atlanta 21 (Rivers 9), New York 35 (Jackson 12).

Seattle	30	30	26	27	7—104
Philadelphia	37	21	18	21	16—107

Pierce 7-16 3-3 18, Cage 8-10 1-3 17, McKey 7-15 3-4 17; Hawkins 7-10 7-9 24, Barkley 6-19 7-17 19. Rebounds: Seattle 60 (Kemp 14), Philadelphia 55 (Barkley 13). Assists: Seattle 29 (Payton 7), Philadelphia 31 (Barkley 9).

Boston	32	30	30	23—115
Phoenix	27	27	26	29—109

Lewis 8-22 7-7 23, Parish 8-14 5-7 21, Shaw 9-18 3-3 21; Johnson 8-14 9-11 25, Majerle 7-17 9-10 23. Rebounds: Boston 58 (Parish 28), Phoenix 67 (McDaniel, West 12). Assists: Boston 17 (Shaw 10), Phoenix 28 (Johnson 13).

Miami	19	22	22	27—90
Milwaukee	25	32	25	34—116

Selkaly 9-12 1-2 19, Rice 7-14 2-2 18; Robertson 8-11 4-6 21, Schayes 7-9 4-5 18. Rebounds: Miami 55 (Selkaly 7), Milwaukee 42 (Schayes 6). Assists: Miami 27 (Askins 6), Milwaukee 36 (Humphries 10).

L.A. Lakers	15	33	30	34—112
Houston	24	30	27	22—103

Worthy 8-21 10-10 27, E. Johnson 7-17 3-3 18; Floyd 15-23 2-3 32, Maxwell 10-25 0-1 24. Rebounds: Los Angeles 53 (Thompson 16), Houston 52 (Thorpe 14). Assists: Los Angeles 24 (E.Johnson 17), Houston 18 (Thorpe 6).

Washington	28	24	34	35—113
Chicago	25	27	34	32—118

Eackles 15-26 2-3 32, B. King 12-26 3-3 29; Jordan 15-27 10-10 40, Pippen 7-16 2-4 16. Rebounds: Washington 40 (Ellison 12), Chicago 60 (Pippen 13). Assists: Washington 33 (English 11), Chicago 26 (Pippen 8).

Dallas	22	26	25	26—100
Portland	35	22	22	27—107

Harper 13-21 3-4 32, English 8-14 4-4 20; Porter 8-11 4-7 23, Drexler 8-14 2-3 19, Robinson 6-12 7-10 19. Rebounds: Dallas 41 (McCray 11), Portland 49 (B.Williams, Robinson 10). Assists: Dallas 24 (Blackman 9), Portland 24 (Porter, Drexler, Robinson 5).

Major College Scores

EAST

American U. 71, George Mason 68
Boston U. 65, Army 49
Connecticut 70, Providence 66, OT
Duquesne 93, Hartford 88, OT
Fairfield 68, Loyola, Md. 66
Northeastern 82, Maine 73
Rhode Island 63, Temple 62
Rider 81, Wagner 69
Seton Hall 76, Niagara 61
Vermont 79, Dartmouth 66

SOUTH

Auburn 74, Tennessee 65
Georgia Tech 73, Virginia 60
James Madison 106, Navy 86
Maryland 82, Virginia Tech 67

MIDWEST

Oklahoma St. 76, Kansas St. 65
Wright St. 91, Xavier, Ohio 83

SOUTHWEST

Rice 69, Texas Christian 57

FAR WEST

S. Utah 106, Wis.-Milwaukee 105, 2OT

SOCCER

ITALIAN CUP
Quarterfinal, Second Leg
Sampdoria 3, Torino 2 (on penalties)
INTERNATIONAL FRIENDLY
Argentina 2, Hungary 0

HOCKEY

NHL Standings

WALES CONFERENCE

	W	L	T	Pts	GF	GA
Patrick Division						
N.Y. Rangers	31	21	9	71	229	191
Pittsburgh	31	26	3	65	256	225
Philadelphia	29	27	6	64	204	193
New Jersey	25	25	11	61	212	202
Washington	27	31	3	57	195	210
N.Y. Islanders	21	32	8	50	179	222
Adams Division						
x-Boston	36	18	8	80	235	202
Montreal	32	23	7	71	212	192
Hartford	27	27	6	60	175	195
Buffalo	22	25	14	58	210	211
Quebec	12	38	11	35	171	268

CAMPBELL CONFERENCE

	W	L	T	Pts	GF	GA
Norris Division						
x-St. Louis	36	17	7	79	235	191
Chicago	36	28	5	77	201	161
Detroit	26	30	7	59	217	233
Minnesota	20	32	10	50	195	215
Toronto	17	38	6	40	177	248
Smythe Division						
Los Angeles	33	20	7	73	249	194
Calgary	32	21	7	71	249	198
Edmonton	29	28	3	61	207	199
Winnipeg	22	31	10	54	208	218
Vancouver	21	35	6	48	184	240

x-clinched playoff berth

TUESDAY'S RESULTS

Buffalo	0	1	1—2
Pittsburgh	1	4	1—6

Ruutu (14), Andraychuk (22), Hogue (14); Recchi (31), Stevens (28), Bourque (17), Errey (15), Jagr (28), Trottier (6). Shots on goal: Buffalo (on Barrasso) 9-16-14—41. Pittsburgh (on Puppa, Wakaluk) 14-19-6—39.

Toronto	0	1	1—2
St. Louis	0	1	2—3

Zezel (13), Krushelnyski (14); Oates (17), Hull (64), Lowry (13). Shots on goal: Toronto (on Joseph) 11-14-17—42. St. Louis (on Reese) 11-9-9—29.

Detroit	2	0	2	0—4
Calgary	1	2	1	0—4

Carson (14), Habscheid (9), Yzerman (43), Barr (16); Fleury (31), Mocinnis (22), Nieuwendyk (31), Matteau (12). Shots on goal: Detroit (on Wamsley) 8-10-9-2—29. Calgary (on Hanlan) 9-14-9-2—34.

TRANSACTIONS

BASEBALL
American League
BALTIMORE—Agreed to terms with Brady Anderson, outfielder, on one-year contract.
MILWAUKEE—Invited Willie Randolph, second baseman, to spring training as nonroster player.
National League
CINCINNATI—Signed Kip Gross, pitcher, to one-year contract.

Martin Is Rescued As Yacht Starts to Sink in High Seas

Agence France-Presse

CAPE TOWN — Solo sailor John Martin of South Africa was rescued Wednesday after his yacht began sinking. It had rammed an iceberg Monday in the south Atlantic as he was competing in the BOC Challenge round-the-world race.

Martin was picked up by a countryman, Bertie Reed.

A race representative, Chris Fieldgate, said Martin had opened the sea cocks of his $600,000 Allied Bank and crossed to Reed's boat, Grinnaker, in a life raft. It took a hour in high seas whipped by winds gusting to 50 knots.

Allied Bank was settling in the water and was expected to sink within a day. Martin had open the sea cocks to prevent the yacht from becoming a navigation hazard.

Martin's press officer, Jeanne van Rooyen, said the crossing to Grinnaker had been "particularly dangerous" and that Martin was "very weary, very wet and very sad."

Martin had spent 10 hours making emergency repairs after hitting the iceberg about 1,800 miles (2,900 kilometers) from Cape Horn.

Frenchman Alain Gautier's sloop Générali Concorde, deep in icy waters, was reported Tuesday to have increased his lead in the race to 187 miles over compatriot Christophe Auguin's Groupe Sceta.

Australian David Adams, in third place in Innkeeper, about 35 miles behind Groupe Sceta, radioed that the constant use of his radar to detect icebergs was running him short of diesel fuel.

Isabelle Autissier of France, now the only woman among the 19 sailors still in the race, was lying seventh in Ecureuil Poitou-Charentes.

SIDELINES

Klimova Is Cleared of Drug Charges

DAVOS, Switzerland (AP) — Soviet figure skater Marina Klimova was cleared Wednesday having used illegal drugs in winning last month's European championship with her husband and partner, Sergei Ponomarenko.

The International Skating Union said the result of a Jan. 26 drug test at the European championships in Sofia, which Klimova failed, was not confirmed by the second, final test at a German lab.

● Midori Ito, the 1989 women's world figure skating champion, has resumed training after surgery on her jaw and is almost certain to compete in the world championships next month in Munich, her coach said Wednesday in Nagoya, Japan.

Becker, Coach 'Mutually' Part Ways

STUTTGART (AP) — Boris Becker has parted with his Australian coach, Bob Brett, the No. 2-ranked tennis player's manager, Ion Tiriac, said Wednesday.

A statement released jointly by Becker, Brett and Tiriac said it was "mutually agreed" that Brett's contract, which expired Feb. 15, would not be renewed. Brett has been Becker's coach for three and one-half years.

● Bjorn Borg will return to tennis in an April 10 exhibition against Jimmy Connors in London, a promoter for Olympia Hall said Wednesday. But although the promoter said the contracts were "signed, sealed and delivered," the Swede's agent said the match would not take place.

Jeremy Dier of International Management Group, which represents Borg, said, "We had planned to do a series of exhibitions, but Bjorn now doesn't want to do that. He wants his first match back to be at Monte Carlo," likely the Monte Carlo Open clay-court tournament in late April.

● Brad Gilbert, the No. 4 seed in the ATP tournament in Memphis, Tennessee, withdrew Tuesday because of a leg injury.

French Skier Bouvier Breaks Legs

FURANO, Japan (AP) — Nathalie Bouvier of France, a downhill silver medalist in last month's world championships, broke both legs Wednesday in the first official training run for a World Cup race.

An official, Tatsuhiro Hashimoto, said Bouvier, 21, lost her balance after a jump about 50 meters before the finish of the 2,326-meter (7,676-foot) downhill course and fell heavily backward.

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THE OIL DAILY

(Continued From Back Page)

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ART BUCHWALD

Unemployment Guff

WASHINGTON — The unemployment line is the great leveler. You now meet people there that you used to run into at Nordstrom's.

My buddy Joe Doubleday was in Row A when he recognized Sidney Tartar, the president of Megabear Manufacturers, standing behind him.

"Hi, Mr. Tartar," Doubleday said. "Long time no see."

Tartar asked, "Do I know you?"

Buchwald

"Joe Doubleday. I was in advertising. You laid me off six months ago."

"Oh, yes," responded Tartar. "I heard good things about you."

"Then why did you lay me off?"

"You were part of our economic safety net. We promised the bank we would let you go so that they'd ease up on our loans. It was nothing personal."

□

"That's what I told my wife," Doubleday said. "She never could understand why you didn't fire anybody on the 40th floor. After all, they were responsible for the dumb decisions the company made."

"We never made dumb decisions. We were victims of bad luck."

"What about the Velcro beer bottles you tried to sell to the breweries? There was no market for them, and they didn't work."

"Nobody's perfect."

"Remember the fast food chain specializing in calves' liver sandwiches? Why wasn't anyone strung up for that?"

"We laid off 5,000 high school kids. What more do you want?"

"You had a solid company before you started selling pothole insurance."

□

"Doubleday, just because we fired you doesn't mean that you're an expert on business practices."

"Mr. Tartar, as long as we're standing in line together, I'm going to take this opportunity to tell you what I think of the executives who are running businesses in America. A Japanese sumo wrestler could do a better job than any of them."

"Doubleday, if we weren't standing in the same unemployment line, I would take severe disciplinary measures against you."

"Mr. Tartar, you drove your company into the garbage dump because you chose greed for your bottom line."

"My employees never understood me."

"What are you doing in this place? I thought people like you had golden parachutes."

"I lost mine in the divorce court."

"It figures. You wreck the company and you can't even hold on to the money they gave you."

□

"Does everybody here have to take guff from everybody else?"

"No, the only ones who get it are those responsible for the rest of us being unemployed in the first place."

"Doubleday, I always worried about you. Megabear was one big happy family. Do you think I'll have any trouble getting my unemployment check?"

"I doubt it. In order to collect, you must prove that you are unable to handle another job — and you won't have any difficulty doing that."

'Citizen Kane' To Be Reissued

New York Times Service

LOS ANGELES — "Citizen Kane," considered by many critics to be the greatest American film, will be reissued for commercial theatrical showing on May 1, exactly 50 years after it was first shown in movie theaters.

The film, the story of a newspaper tycoon's rise to wealth and power, was directed, written and produced by Orson Welles, then 25 years old, who also starred.

Though widely seen on television and in film schools, "Citizen Kane" has not been given an unlimited run in theaters in more than 30 years, said executives at Paramount Pictures and Turner Entertainment Co., which are releasing the film. In preparation for the release, a new and sharper print and soundtrack have been made, but the new copy will be in the original black and white, not "colorized."

The New Yorker's Movable Wall

By Deirdre Carmody
New York Times Service

NEW YORK — After almost 60 years of cherished eccentricity within its walls at 25 West 43d Street, The New Yorker magazine is moving across the street on Friday. In fact, it is taking along one of the walls.

Ah, but not an ordinary wall. On the grimy surface of this particular office wall are three large pencil sketches by James Thurber, drawn when the writer and humorist was trying to come to terms with his impending blindness. They are filled with the playful, somewhat whimsical and utterly comical figures Thurber did for The New Yorker, and which helped to set its tone from 1927 until his death in 1961.

One panel shows a Thurber person with a silly hat sitting on a chair with the sun rising — or maybe setting. The drawings depict fierce-faced dogs, charging football players, floppy flowers and who knows what. The only panel signed by the artist is a portrait of the mustached, bespectacled Thurber himself, which is said to be a remarkable likeness.

The Thurber wall will be placed in a central hall at the foot of a staircase in the new office, which is almost exactly across the street at 20 West 43d Street. Besides increasing the magazine's space by more than two-thirds, the move to a modernized building will allow The New Yorker to take advantage of new technology to lay out its pages by computer and send them electronically to its printing plant in Danville, Kentucky.

The sunny new offices, with a stunning view of the New York Public Library, have been designed by LCP Associates, a New York architectural firm. Steven Florio, president and chief executive of The New Yorker, said he had asked them to make the new quarters "not glitzy, not slick, not dowdy, but more like a successful university."

That the magazine is only moving from the north to the south side of 43d Street does little to alleviate the sense of deracination that seems to have enveloped the entire staff. More perhaps than any other publication, this magazine has always treasured its peculiarities, its beloved myths and its pantheon of great writers, wits and wags, to say nothing of the unprepossessing offices where it has acted out its history.

"There is a tendency in America to forget things, and we don't want memory wiped out," said Philip Hamburger, who joined the staff in 1939 and has been writing for the magazine ever since. "Continuity has been part of our essence."

It is typical of life at The New Yorker that while the magazine is known for its impeccable fact-checking, no one can quite agree when it moved into its current offices. Founded in 1925, the magazine was first located at 25 West 45th Street. Some years later it moved into the present space, where it has published weekly under three successive editors, Harold Ross, William Shawn and Robert Gottlieb.

Eddie Hausner/The New York Times

James Thurber's self-portrait, the only one of his wall drawings that he signed.

But the offices — described by Brendan Gill in "Here at the New Yorker" as "penitentiary-like" with a "defiant note of bureaucratic squalor" — are considered such a landmark in the American literary experience that the Smithsonian Institution is sending up a large truck next week to collect old pneumatic tubes, pin-pricked bulletin boards and various furnishings. The museum hopes to recreate two offices — those of the writer Calvin Trillin and the cartoonist Edward Koren.

"The New Yorker magazine produced much of the 20th-century literary canon, but these offices, these rabbit warrens, are almost 19th century," said Lonnie Bunch of the department of social and cultural history at the Smithsonian Institution.

A visit last week to Trillin's warren revealed, among other arcane objects, a broken-down old day bed with a blue corduroy slipcover that appeared to predate any of the antiques now at the Smithsonian.

Not so, said Trillin. The couch is a mere 25 or so years old. He did add, however, that it had been something of a sore point between him and his wife, Alice.

"You are going to find this hard to believe," he said, "but Alice has never liked that day bed. "Occasionally, Alice and I would be in midtown together and we would stop in to get some mail and she would say, 'Oh, my God, this is just disgusting. This is humiliating. You have to get rid of this thing.'

"Twenty-five years of smutch right there," Trillin said happily about the couch.

"So I cannot tell you," he said, "the pleasure in my heart when I came home a few weeks ago and said, 'Alice, we are moving, and guess where that day bed is going?' " She failed to guess the Smithsonian, he said.

The New York Public Library is also getting a plum. The magazine is giving its archives to the library's rare books and manuscripts division: correspondence; authors' manuscripts of short stories and articles, some of them never published; even some infamous rejection slips. They will be preserved and indexed for future use by scholars.

The collection includes correspondence and papers from many of the great names associated with the magazine: Ross, the founding editor, E. B. White, H. L. Mencken, Dorothy Parker, Robert Benchley, Katharine White, Truman Capote, Vladimir Nabokov, Theodore Dreiser, Clifford Odets, Marianne Moore, John Hersey, Brendan Gill, John Updike, Langston Hughes, Pauline Kael and, of course, James Thurber.

Some Thurber material is, regrettably, lost forever. Thurber loved to doodle and did so on every possible surface.

As Brendan Gill recounts: "Graffiti that he spontaneously dashed off on whatever wall or door happened to be convenient to him at a given moment of inspiration were preserved from year to year by the characteristically slovenly housekeeping of the magazine; which is to say that our walls were not often painted, and the Thurber graffiti lasted much longer upon them than they would have lasted in any conventional latrine."

Thurber also had a habit of scribbling the phrase "Too late" on walls, ceilings, desk tops and other surfaces. Sometimes the "Too" was on one wall, the "late" on another. Too late for what? Thurber never told.

In true New Yorker tradition, no one can even estimate when Thurber drew on the existing wall, which is plaster on gypsum block coated with oil paint.

The section of the wall containing the cartoons will be carved out by hand under the supervision of a conservator and taken to Stoneledge Inc., a preservation company in Wharton, New Jersey. There it will be mounted in and covered with nonreflective, bullet-proof and waterproof glass and taken to the new quarters for installation.

Some ghosts will remain in the old place, albeit under layers of paint. The writer St. Clair McKelway, a wall doodler himself, used to stop cartoonists as they walked by and make them doodle on one particular w[illegible] until it became one vast scribo[illegible] day the painters arrived and began to pain[illegible] starting with the floor.

Astonished that a room should be painted twice within six months, Trillin remembers being told by the receptionist that it was a way to eliminate McElway's wall without hurting his feelings.

"It always made me feel better about the place," Trillin said.

PEOPLE

'Scarlett,' the Sequel

Three years after Warner Books bid almost $5 million for a sequel to "Gone With the Wind," the manuscript has been delivered and is being edited for publication on Sept. 25. The book, written by Alexandra Ripley, will run almost 700 pages, will probably sell for $24.95 and will be titled "Scarlett: The Sequel to Margaret Mitchell's 'Gone With the Wind.' " Lawrence J. Kirshbaum, the president of Warner Books, said the book had taken almost three years to write because of its length (1,000 manuscript pages) and because the author had taken pains to insure that the sequel was consistent with Margaret Mitchell's original novel. "It was not an easy book to do," Kirshbaum said, "because it required creating a good story, wonderful characters and an authentic sense of time and place. But we're convinced she succeeded, and that lovers of the book and movie will feel very, very satisfied." Warner plans a 500,000-copy first printing.

□

Kevin Costner's "Dances With Wolves," which has garnered a pile of award nominations, including 12 for Oscars, has been nominated by the Writers Guild of America for best screenplay based on material from another medium. It was adapted from a novel by **Michael Blake**. Two commercial hits, "Ghost" and "Pretty Woman," were among the selections for best original scripts. Others in that category were "Alice," "Avalon," and "Green Card." Competing against "Wolves" is "Awakenings," "GoodFellas," "The Grifters" and "Reversal Of Fortune"

□

An auctioneer in Avignon, France, plans to go ahead with the sale of a portrait by the late French painter **Balthus**, after winning a lawsuit brought by the daughter of the British woman who features in the painting. A French court had earlier ruled that the picture, entitled "Portrait of **Sheila Pickering**," could be sold, in spite of objections by the late Mrs. Pickering's daughter. The daughter, **Sarah White**, had claimed that Balthus, whose real name was Balthasar Klossowski, had given the painting to her mother, but that it had later mysteriously disappeared during a move. The court had ruled that the picture, painted in 1935, should be held back from auction while the case was heard. However on Tuesday, it gave the owner, who claimed the picture had always been in his family, the right to sell. The sale is due to take place in Avignon on April 14.

□

Clint Eastwood put on a size 40 bra adorned with two American flags, and a crowd roared approval as he accepted the Man of the Year award from Harvard's Hasty Pudding Theatricals in Cambridge, Massachusetts. "I might not wear this too much in public," he said. Eastwood, otherwise clad in a tuxedo, accepted the award, joining past honorees such as **Paul Newman**, **Dustin Hoffman** and **Kevin Costner**. The group, the oldest undergraduate dramatic organization in the country, presents the annual award and traditional brass pot to entertainers in a ceremony at the Hasty Pudding Theater.

□

President George Bush will award the Medal of Freedom to **Margaret Thatcher**, the former British prime minister, next month in honor of her contributions to the Western alliance, the White House said. The last Briton to receive it was **Lord Carrington** in 1988 for his service as secretary-general of the North Atlantic Treaty Organization. Among other recent medal recipients are **President Lech Walesa** of Poland and the late actress **Lucille Ball**. **Marlin Fitzwater**, the White House spokesman, said Thatcher would receive the medal during a private visit to Washington on March 7 and will be Bush's guest at a dinner that evening.

□

It's probably an honor of sorts, but why did it take the George Club, which was founded to celebrate **George Bush's** inauguration, two years to name the president "George of the Year"? The club is one of those for-the-fun-of-it ideas, but [illegible] is week's Presidents Day meeting in San Antonio, the club decided to honor the president over such tough competition as the boxer **George Foreman**, who has named all five of his sons George; the director **George Romero**; the New York Giants general manager, **George Young**; and the man married to **Vanna White**, the restaurateur **George Santo Pietro**.

Today's

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Appears on Page 13

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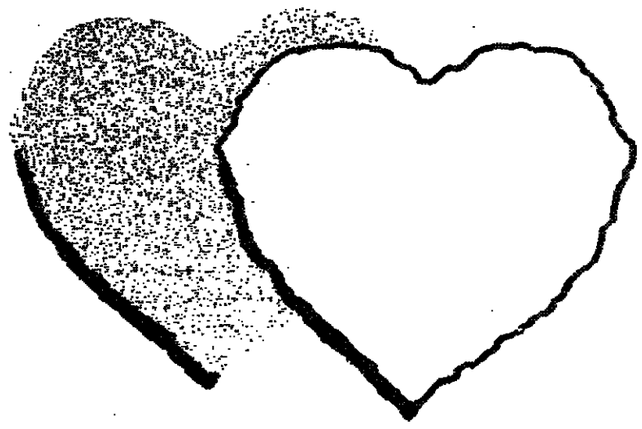

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London NW6

TINY - He's no Mr Atlas, my mother said. Funny she hit the nail on the head. He is soft & warm & exceedingly fine. Don't change a hair my sweet Valentine. Maggie

Second Prize
$ 250
Maggie Tapert
Basel, Switzerland

SOME SAY HELEN OF TROY WAS the real McCoy; Her face launched ships of the line. But my Helen alone, courtesy Kettering-Sloan, RADIATES to her Valentine.

Third Prize
$ 100
Thomas F. Grannel
Rome, Italy

Honorable mentions:
Carol Seidelman, Paris 18, *Bill Huber*, Essen Germany, *Alain Guet*, Paris 18, *George Chudd*, Paris 5, who will receive an IHT book.

Congratulations!

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